THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established In 1917

February 5, 1949

POSTWAR DEVELOPMENT

AN EDITORIAL

Will Tito Halt Russia?

Edgar Snow

The Fall Of Peiping

Andrew Roth

Shanghai's Peace Prospects

Charles J. Canning

NEW APPROACH IN ASIA?

AN EDITORIAL

VOLUME 112 GY80 NUMBER 10

1870

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LETTERS From The People

Comments from readers on current topics are cordially invited: their opinions, however, do not necessarily represent the views of The China Weekly Review.

Change Of Mind

To The Editor:

It would be very surprising to me if the rumors of peace talks materialize. The other day the Generalissimo said that if the Communists wished, he would be very glad to negotiate with the CP again. But the leading spokesman of the Communists, Mao Tse-tung, had already put forth eight conditions as a basis for any peace talks.

On the same day that Mao's terms were published, the governors of several provinces made a statement saying that to accept the eight points would be no different from surrendering to the Communists. The Kuomintang is faced with the crisis of military defeat, economic panic and social unrest.

Ironically enough, the President made his statement at the most critical moment. Why is it that only a half a month before he insisted on carrying on the bandit suppression campaign? How did he change his mind so quickly? The only answer is that he no longer has the power to maintain his own throne.

However, there is a chance that he will be able to keep himself in power, and retain his prestige by accepting the eight terms which in general the people support. But before negotiations take place, neither the KMT nor the CP will lay down their weapons.

We are wholeheartedly for the success of the negotiations in order that we may establish a coalition government and build a democratic nation.

Y. S. L.

Tung-liang, Szechuen
January 21, 1949

Peace Terms

To The Editor:

A streak of light broke through the dismal clouds when President Chiang made his New Year's Day message in which peace overtures were made. The CP kept silent until Mao Tse-tung on January 15 stated his willingness to talk peace with Chiang on the basis of eight conditions. Although it is still premature to predict whether the terms of both parties can be mediated successfully, we believe that the long-awaited peace will come eventually.

It seems intolerable to the KMT for the CP to insist upon the punishment of war criminals since most of the high-ranking officials in the government are included in this category. President Chiang has shown his repentance by saying that he will willingly step down if peace cannot be obtained. We hope that the CP will not insist on sticking it out to the last.

A new democratic coalition government must make its appearance as soon as the civil war is ended. The old government must be discontinued and a new constitution adopted to meet the demands. Moreover, it will be necessary for the new government to carry out drastic reforms in various fields. Mao's conditions with regard to land reform, reorganization of troops under government control, eradication of bureaucratic capitalists and cancellation of unequal treaties seem to be well received by the people.

THE CHINA WEEKLY REVIEW

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Hongkong and Macao (Air Mail)	GY 1,400.00

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	3 months
Shanghai and China Outports	GY 800.00
China Outports (Air Mail)	GY 1,000.00

(All subscriptions must be authenticated by the individual student's school and must be sent directly to the offices of the *China Weekly Review.*)

All mail rates are subject to change in accordance with postal changes.

Cable Address: "Reviewing" Shanghai Telephone: 14772

PUBLISHED AT 160 CHUNG CHENG ROAD (EASTERN), SHANGHAI (O), CHINA, BY MILLARD PUBLISHING COMPANY, INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE, U.S.A. REGISTERED AT THE CHINESE POST OFFICE AS A NEWSPAPER FOR TRANSMISSION WITH SPECIAL MARKS PRIVILEGES IN CHINA.

Contents of previous issues of The China Weekly Review may be found in the "International Index of Periodicals," copies of which are on file in most standard libraries.

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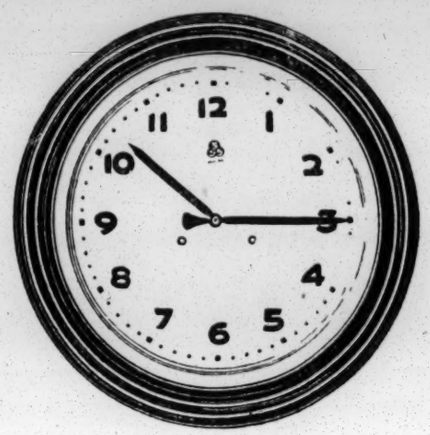

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Most important and contentious, probably, is the last condition—that the reactionaries of the KMT shall be excluded from the new political council which will be the basis for the new coalition government. It is our view that these warlords and plutocrats of the KMT who have done so much evil to the country should no longer exist, and that progressive members of the KMT should be given the chance to join the future government. The real problem is on what ratio should the different factions and non-party people be represented in the above-mentioned council. Obviously the CP would like to have an overwhelming majority, while the KMT is unlikely to acquiese in such a plan.

We urge both parties to put the welfare of the nation and of its ordinary citizens first, before any interest of party. In this way all obstacles will be smoothed over.

May God bless both Chiang and Mao and help them bring about a quick and honorable peace.

P. C. CHANG.

Changshu, Kiangsu
January 18, 1949

Peace Mongers

To The Editor:

The gentlemen crying for peace these days are of various types, each type with different ideas.

In the first category is Generalissimo Chiang Kai-shek. His New Year's Day announcement for peace perhaps surprised some foreigners who do not understand the inside story of China politics. As a matter of fact, Chiang, the great hero of "Bandit Suppression" for 20 years, has never compromised with the Communists; therefore, no sincere peace efforts in regard to the civil war will be made by him. In fact, his announcement calling for peace with the victorious Communists was only a beautiful lie to delude the Chinese people and the world at large. He knows that his defeated forces can not resist the People's Liberation Army at the present time and he wants a temporary peace as a breather in order to try to get further American support for his armed forces. When everything is ready to continue fighting, his idea is to re-instate the notorious "Bandit Suppression" operation.

The next group crying for peace are the henchmen of Chiang. These include such people as General Chang Chih-chung, whom ignorant foreigners praise as the democratic general; Shao Li-tze, the so-called "peace-loving old man;" and General Chang Chun, former premier of China. These gentlemen talk about peace. But do they really want peace? What kind of peace do they want? If one really knows modern Chinese political history, he will not overlook or forget the relationship between all of the above-named gentlemen and the Generalissimo. These men are the closest watchdogs of Chiang Kai-shek. But they have always been very cunning—whether through their own will or the Generalissimo's—and have always pretended to be willing to compromise with the Communists. Actually, their views on peace are identical with those of the Generalissimo. They are simply the "good-looking face" tools of Chiang Kai-shek.

The third group which preaches the gospel of peace at the present time consists of the followers of the CC Clique. This may surprise you. But facts are often stranger than fiction. These gentlemen not only preached peace, but actually contacted, urged, and instigated various institutions, social associations, and city councils to support the Generalissimo's New Year's Day announcement calling for a bogus peace with the Communist Party. They believed that the Communists must

accept Chiang's proposal to open peace negotiations. That would mean that the Communists would have to hold on to the present Nanking Government and surrender to the Generalissimo.

The fourth group seeking peace at the moment are the so-called democratic elements in the Nanking Government. These gentlemen have come to realize that Chiang's shaky Government is no longer a paradise for them, that it will collapse in the not distant future, and that their days of long-enjoyed officialdom are nearly at an end. If the KMT Government of Nanking can compromise with the Communist Party before the Reds reach the capital, it may be—so they think—that they will hold on to their positions under the newly established coalition government.

The fifth group seeking peace through appeals both to Chiang and Mao Tse-tung are the members of the various minority political parties and some non-party intelligentsia who are interested in politics but who have not succeeded in securing any positions in the present Nanking Government. These gentlemen want peace in order to replace Chiang's almost one-party rule with a coalition government in which they may be able to play some role.

The sixth group is made up of the well-to-do upper class Chinese who, though they fear "hard times" if the Communists conquer China, realize that the KMT forces can fight no longer; therefore, they appeal to both sides for a truce in order to stop the Red Army's progress. They have asked the Generalissimo to make a compromise with the Communists. Their wish is to change the face of the Nanking Government but to maintain its core—the same outmoded feudalistic system in which they can exert their influence. In this way they believe that they can rescue their enormous property-holdings and economic positions which they recognize are now threatened by the Communist advances.

The others crying for peace are either the tools or blind followers of the gentlemen described in the above six categories. Of course the average war-weary Chinese *lao pai hsing* hates civil war; these common people want a true peace. But we must realize that if peace comes through the hands of the above-described gentlemen, it will be no true peace. The future of China under such circumstances will only sink into miserable confusion and continued civil war.

I belong to no political party. I am a peace-lover. But I must remind my countrymen to beware of peace-mongers.

January 22, 1949
Shanghai T. P. W.

Stop War Now

To The Editor:

The peace movement has become widespread since Chiang Kai-shek's New Year statement. Every Chinese feels happy over the prospect of the government's negotiating peace with the Communists.

At present all the papers and magazines are discussing the problem of peace, a thing they did not dare do a few days ago. However, half a month has passed but there is still no peace and the fighting goes on. We the people doubt whether our government really wants peace. It is not correct to destroy several famous old cities and kill millions of people on the eve of peace.

The war can be fought no longer! Peace must come without delay! If the government is for the people and keeps its promises, it must stop its ill-advised acts and make peace with Communists soon. The people cannot wait any longer!

Wuhu, Anhwei
January 20, 1949 C.C.H.

Shanghai's American Daily—more than "just a newspaper"

During these trying post-war days, the Shanghai Evening Post and Mercury has slipped into a peculiarly intimate place in the minds and hearts of readers. Perhaps that is because it tries in every way to be as human as your best friend. Read it for true straight news, most of it printed at least 15 hours ahead of other Shanghai papers; for outspoken views; for bright touches and entertainment features which will take your mind off your troubles. For the times, subscription rates are low:

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Fishery Graduates

To The Editor:

After VJ Day the Government sent a number of demobilized soldiers to the Fishery Institution of the Central Training Corps and, after a period of training, graduates were placed in various organizations by the government except for our group, 78 persons, who were assigned to the China Merchant's Steam Navigation Corporation. But the CMSNC refused to take us on in spite of the intercession of General Chen Ta-ching of the Shanghai-Woosung Garrison Command. After numerous conferences between General Chen, our representatives and representatives of the CMSNC who at first refused even to talk with our own representatives, we still have not been successfully placed.

Our own representatives went to Nanking in December to find out whether our placement orders had actually been changed as the CMSNC charged and found this to be untrue. In fact the National Defense Ministry gave General Chen a mandate ordering the CMSNC to employ us immediately. Though we took our baggage to their offices—since our own barracks had been turned over to the gendarmerie—the CMSNC paid no attention to us. The next day through the kindness of General Chen we were allowed to return to our own barracks, and given 48 catties of rice each and 60 GY.

At the present time we have no jobs, no food, and no money. We cannot go on this way much longer. We are obedient soldiers who fought at the front during the Japanese war. When, after VJ Day, the Government asked us to take part in production work for the country, we agreed and came to Shanghai to be trained. After our graduation last October we were told to report for work at the CMSNC and to put what we had learned into practice. We have done nothing wrong.

The CMSNC is a Government-owned navigation corporation and we were sent to this company by the Government. It is not reasonable for them to refuse us. And, since the CMSNC now possesses more ships and property than during the war, if each ship or wharf were placed under one or two persons, it would not be difficult for them to employ all of us.

We believe in our Government and hope that this problem will be settled at once.

78 Graduates of Fishery
Institution of Central Training Corps
assigned to CMSNC

Shanghai
January 25, 1949

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Castle In Air

To the Editor:

I believe that if the government truly wants peace and wishes to save the people from the danger of complete destruction, the following concrete steps should be taken in order to win the confidence of the Communists as well as the people:

1) Restore freedom of expression provided in the constitution and give the periodicals which have been suspended the right to resume publication.

2) Release the so-called political prisoners who were arrested on the charges of communist activities without any reliable evidence.

3) Deal strictly with those bureaucratic capitalists who have made China what it is today. The measures the government has taken for the privileged few without regard for the people as a whole constitute one reason for the people's disgust with the present state of affairs.

4) Cease the censorship of mail.

Both parties should stop trying to gain complete domination and each should try to be democratic. Only in this way can peace really be had.

If what is mentioned above cannot be brought into effect then peace is nothing but a castle in the air.

H.G. KIANG

Chu-Chow, Hunan
January 4, 1949

"Worries Of The Fool"

To The Editor:

Like the New York City dailies, I doubt that Chiang Kai-shek's retirement is an honest and final move. Another worry of mine is the substance of National Defense Secretary Forrestal's booklet, *Civil Defense for National Security*, which, if followed, would eventually lead America to the adoption of a neo-type of Hitlerian dictatorship and totalitarianism. I fear, too, that those die-hard imperialist powers like England, France and Holland will take undue advantage of American aid to further their respective colonial policies and practices. For example, there is the proposal of Rene Pleven (former Minister of Finance in France), that the US set up a Marshall Plan for Asia, which would include French Indo-China and other European colonies in Asia.

It is interesting to note that the British *North China Daily News* in Shang-

hai recently published an article in which it placed the blame for the prolongation of the Chinese civil war on the Communists. Professor Liang Su Ming, one of the founders of the Democratic League, wrote an article, "Who Was Responsible for the Civil War?" (*Ta Kung Pao*, Chungking edition, January 22, 1949) in which he proved statistically that the Communists were not to be blamed for the civil war.

England, with its policy of "divide and rule," and America, with its devil-stricken men like the missionary-imperialist Judd, shame-faced, pseudo-diplomat Bullitt, and merciless missionary-born amateur-capitalist journalist, Henry Luce and company, may intend "to build up a powerful opposition (in China) to fight the new government and bore from within" (*Outlook Weekly*, January 1, 1949). Then my hopes for world peace would again turn to the common sense of the common people of the world—to that common sense which brought about the Labor Victory in the British elections of 1945, and the US Presidential election of 1948. As the Chinese saying goes, "One of the thousand worries of the fool must be compensated." Thus, I hope none of mine will come true.

CHINESE JOHN THE BAPTIST

Chengtu
January 24, 1949

Wants Friend

To the Editor:

I graduated from Chiao Tung University last summer and am an engineering apprentice now. Despite eight years of suffering in free China during the war and participating in student movements during college life I still feel that if an engineer does not know a little about social science his technical skill and scientific knowledge is of little use. Therefore, after office hours, I try to squeeze in some time to study more diligently. So a copy of your magazine is part of my required reading each week.

Today, English is the most widely used language in the world and the key to science, both natural and sociological. As the result of being a technical student most of my school time has been spent in mathematics. I can hardly make use of the key.

Therefore I wish to have a foreign friend to help me master English and I would do something for him in the way of intellectual exchange. I don't mind his nationality, age or whether he is a Shanghailander or from abroad. I do think he should respect and sympathize with China, for this is a fundamental basis for friendship. I can be reached in care of the Hydro. Department, Fifth Floor, Customs House, Shanghai.

PAUL HU

Shanghai
January 20, 1949

Bright Prospects

To The Editor:

It is an undeniable fact that since the New Year speech of Chiang Kai-shek the door to peace has been wide open and the gloomy prospects for China now face a ray of light. Furthermore, the retirement of Chiang on January 21 is no less than an unconditional concession or even surrender by the KMT to the CP. This also accounts for the real sincerity of our government toward peace talks.

Since Li Tsung-jen assumed the duties of President Chiang, a string of good news has now appeared in the newspapers. A five-man peace delegation headed by Shao Li-tze has been formed. Inner cabinet minister Chang Chih-chung and Shao left for Shanghai to ask for the general opinion of the democratic elements. Mr. Kan Chieh-hou was ordered to visit Chang Lan, leader of the Democratic League and Lo Lung-chi, minister of the propaganda department of the League. Chang Hsueh-liang and Yang Hu-cheng, heroes of the Sian incident are to be released. Even Chen Kuo-fu and Chen Li-fu of the CC clique have resigned their posts.

Still more hopeful has been the announcement of sweeping reforms made by Li Tsung-jen. The restoration of freedom of the press, the release of political prisoners, release of the captured students and the cessation of activities of the special agencies should all be most welcome.

HSU SHIH CHEN

National Honan University, Soochow
January 29, 1949

Refugee Students' Life

To The Editor:

When the refugee students came south as a result of Communist advances, they did so because they hoped for stable conditions in which they would be able to study; they did not come out of fear of the Communists. As a matter of fact, contrary to expectations, conditions have gone from bad to worse in Nationalist China and the lot of the refugee students is very hard.

Food for the refugee students has deteriorated so much and there is so little of it that many of these students have become ill and have lost weight; many have fever, dysentery, tuberculosis and other symptoms of an unhealthy life. Owing to the collapse of the GY, the rice allowance given to refugee students is inadequate; often students make up lists containing padded names to the extent of a third or a half of the total list in order to get enough rice to eat.

Though the students have received

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some help from the Government and some from the YMCA, they came away from their homes without enough clothing. Each of the students of National Honan United Middle School both at Chu Jung and Shih Tan Wan was given a warm uniform to wear by the government—some students even got four or five suits, for they registered several times in different places. But college and provincial middle school students received nothing in the way of clothing so that most of them are suffering from chilblains. They sleep on straw, sometimes on the wet ground.

These refugee students have no tables and chairs in their classrooms. Their teachers are very often absent. The students are allowed to travel free on the Nanking-Shanghai railway so that most of the cities along this line have been visited.

When these refugee students travel, they usually do not have one cent in their pockets; they sell their few books or clothes as they go along in order to live. Sometimes when customers are lacking, a group of students flock around the student anxious to sell his possessions acting as though they were customers in order to attract bona fide customers.

With the arrival of Chinese New Year and the celebrations many students think longingly of their own homes. Some have gone back to the liberated areas, but most of them remain because they do not have the money to make their way back.

When the students heard the news that the Generalissimo had retired to Fenghwa and that the Civil War would be over soon, they sang songs, laughed until they cried, and for the first time were joyful.

M.L.V.

Soochow
January 30, 1949

Suggestions

To The Editor:

I am not sure that your *Review* is the best English language magazine in China, but I must say that I have been a loyal and persistent reader for a period of as long as five years. For this reason I would like to make a few suggestions regarding the contents of the *Review*:

(1) Your *Review* is a complex magazine containing political, military, economic, financial, and social news. I feel that "The Week's Business" page is rather short. Although you have another proficient economic paper called *China Economist*, I think that the expanding of this page would be appreciated by your common readers.

(2) Would you consider a resurrection and enlargement of the "Who's Who in China" to "Who's Who in the World?"

(3) Regarding the question of price, I am convinced that if you were to use a cheaper quality of newsprint the price of the "Special Copy" will be considerably cheaper and would thus enable poor readers to buy the *Review* even while commodity prices advance so quickly.

JAMES W. ROUS

Shanghai
December 30, 1948

(The editors gave considerable thought to the question of whether or not to expand the "business" section of the REVIEW before starting an economic supplement (The CHINA ECONOMIST) in separate form. It was decided that although there was a definite need for more economic news in the English language, the demand was centered largely in Shanghai and a few other major cities, such as Canton and Hankow. The REVIEW S circulation is far greater in the countryside than in the big cities, with some 60 percent scattered about the Chinese hinterland. The inclusion of a heavy economic supplement in each issue of the REVIEW for the benefit of readers in three or four major cities was felt to be a heavier burden financially than the magazine could stand. It was therefore decided to bring out the supplement in separate form and let those interested subscribe to the supplement, with or without the REVIEW as they wished.

The question of what to do about the REVIEW'S Who's Who feature has been a constant one. Whenever we run a biography in a few successive issues, we receive numerous complaints from readers who feel that it is a waste of space. However, whenever this feature is left out for a few weeks, numerous letters asking for its inclusion are received. It is hoped that shortly, with the arrival of an entirely new set of officials and prominent personages upon the political scene, this feature will again become generally popular. At the present time, it would be beyond the ability of the staff to expand this feature to include personalities in countries other than China.

The question of price is, as can easily be imagined, the one most constantly in our minds. We certainly subscribe to the theory that everything possible should be done to reduce the price of the magazine for the perhaps few thousand readers who are excluded by the REVIEW'S high cost. The idea of using locally-made or "native" newsprint has been considered upon several occasions. Perhaps in the future it will be possible to print a number of copies on "cheap" paper for students and other hard-up readers. This is not possible now because little if any local newsprint is being manufactured since most Shanghai paper factories have closed. Also, during these rather irrational days, imported foreign newsprint is frequently cheaper than native-made paper. Presumably, when the Civil War is finally settled and fighting stops and economic conditions return to a more normal pattern, this matter may be reconsidered.—Editor).

Clothes For Sale

To The Editor:

A "clothes for sale" movement is now taking place in National Honan University. Every day after breakfast students carry bags containing the ragged clothing, books and other possessions that they brought from Kaifeng and walk to the market place where the hawkers are gathered. On their arrival they take their "goods" out of their bags, put them on the ground and wait for customers.

At first they were ashamed to carry on such activities and stood by their goods with their hands in their pockets and their eyes downcast as though they were in contemplation. Whenever a customer came near them, they were embarrassed and did not know how to deal with him.

The local *lao pai hsing* wonder at these modern collegians selling their clothes and stare at them curiously. Sometimes these "intellectual hawkers" are questioned about their family affairs and living conditions in Soochow. But the sympathy of people only increased their misery.

Not being very good businessmen and ashamed to wait for customers, they often sell their commodities at very low prices.

As soon as the sun goes down and the market closes, they return with their remaining goods under their arms. And when night comes, these students stretch themselves on their beds to wonder "What else can be sold?"

H.S.C.

National Honan University
Soochow
January 19, 1949

EAT AT

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Shanghai

Branch 11-3 Rue Montauban

A Failure

To The Editor:

The news of President Chiang's resignation has come as a great blow to the "have" class. As a soldier, Chiang will be remembered for many significant military exploits, for uniting the country in 1927, and later for leading the defense against Japan. Had he been a wise statesman, he would have studied the times and resigned honorably after VJ Day.

Since he began his fight against the Communists three years ago, he has pursued mistaken policies until now he has become the victim of these mistakes.

He has been conservative, autocratic and jealous in his political career. He lacks the ability to select good men to serve the people. He has depreciated the strength and will of the people. While saying that all his efforts are on behalf of the people, it is obvious that this has not been so, and that today Chiang has lost his golden chance to carry the three peoples' principles into effect.

During the last 20 years most of our people have not had enough food to eat, and lacked clothes and shelter. A considerable part of the population is on the verge of starvation. On the other hand there are those who have taken advantage of their special position to deprive the people of their rights. This group has lived luxuriously in Shanghai, Taipeh, Hongkong or the United States. In this period freedom has been lost, and many good people have been arrested and tried by special courts.

Added to this are the great losses sustained by the whole country as a result of the civil war. President Chiang's resignation hints of the bankruptcy of the old KMT and the end of the old China.

As for Mr. Chiang personally, history will judge him as an unwise statesman and a failure.

A STUDENT

Shanghai
January 22, 1949

Prisoners In Taiwan

To The Editor:

I have taken note of your editorial, "Puppets Moved To Taiwan," published in the January 22 edition of the *Review*. Since I have seen the list of names of prisoners moved from Nanking to Shanghai and definitely know something of the case, I would like to inform you of the following:

Altogether there were 49 men and four women of various categories who were sentenced to death or life imprisonment. A number of them committed murder and some were charged with opium or corruption. Only about 24 of the total

number were political prisoners, including communists and war-time collaborators.

None of these collaborators can be considered top collaborators because all of the latter have either been executed or died in prison during the last three and a half years. The collaborators moved from Nanking to Shanghai are merely second rate collaborators who have managed to survive life in prison, and most of them are over 60 years old.

Since all prisoners in Tsinan, Kaifeng, [illegible]chow, Pengpu, Tientsin and Peiping have been released either by the outgoing Nationalists or by the incoming Communists, it seems unjust and meaningless to have the prisoners moved any further from Shanghai.

It is to be hoped that the general pardon of political prisoners promised by the acting President will eliminate the problem of all political prisoners.

GEORGE LEE

Shanghai
January 28, 1949

Good Gov't. Needed

To The Editor:

Recently I read a letter in your unbiased weekly called, "Experts Needed." China has many scientific experts, some of whom are now teaching abroad. It is not experts that are lacking but trained workers in every class. The present government has ignored this need and done nothing to help those who already belong to this group.

What China needs most of all is an effective government composed of the people, administered by the people and for the people.

T.L.

Shanghai
January 25, 1949

Worried

To the Editor:

During the war I joined the Youth Army force in order to beat back the Japanese and to save our country from the dangers surrounding it.

While we were training in Kweiyang the Japanese surrendered even before we could go into battle. We were demobilized and I returned to graduate from middle school. After this I entered agricultural college and have been studying continuously.

Nowadays all my schoolmates, whom I have come to know as being not unpleasant, misunderstand us members who wear our Kuomintang jackets. All our acts are watched by them. I know that we joined the Youth Army during the Sino-Japanese war to save our country from perishing. I don't know why my schoolmates look upon us so strangely and often ridicule my comrades. I have no chance to explain this to them and so my daily life is full of worry and distress.

To tell the truth, although we received military training for two years our ideas have not been affected by this instruction in the least. I hope that our schoolmates and others will become friendly toward us and not crown us with any colored hat.

HSING HUA-CHU

Wuchang, Hupei
January 15, 1949

Hits Red Blacklist

To The Editor:

According to the Yenan radio the punishment of the war criminals is based on the wishes of the people. I wonder where these wishes come from. As a matter of fact, people after a period of long suffering really want a cease-fire order on the part of both sides rather than the punishment of the war criminals.

For the welfare of the people, the Chinese Communists should abandon their insistence on this point and aim at securing peace first. For the benefit of the nation, the Nationalists should fully realize that the other seven items on the Yenan list of eight are approved by the *lao pai hsing*.

Y. I. SHENG

Shanghai
January 27, 1949

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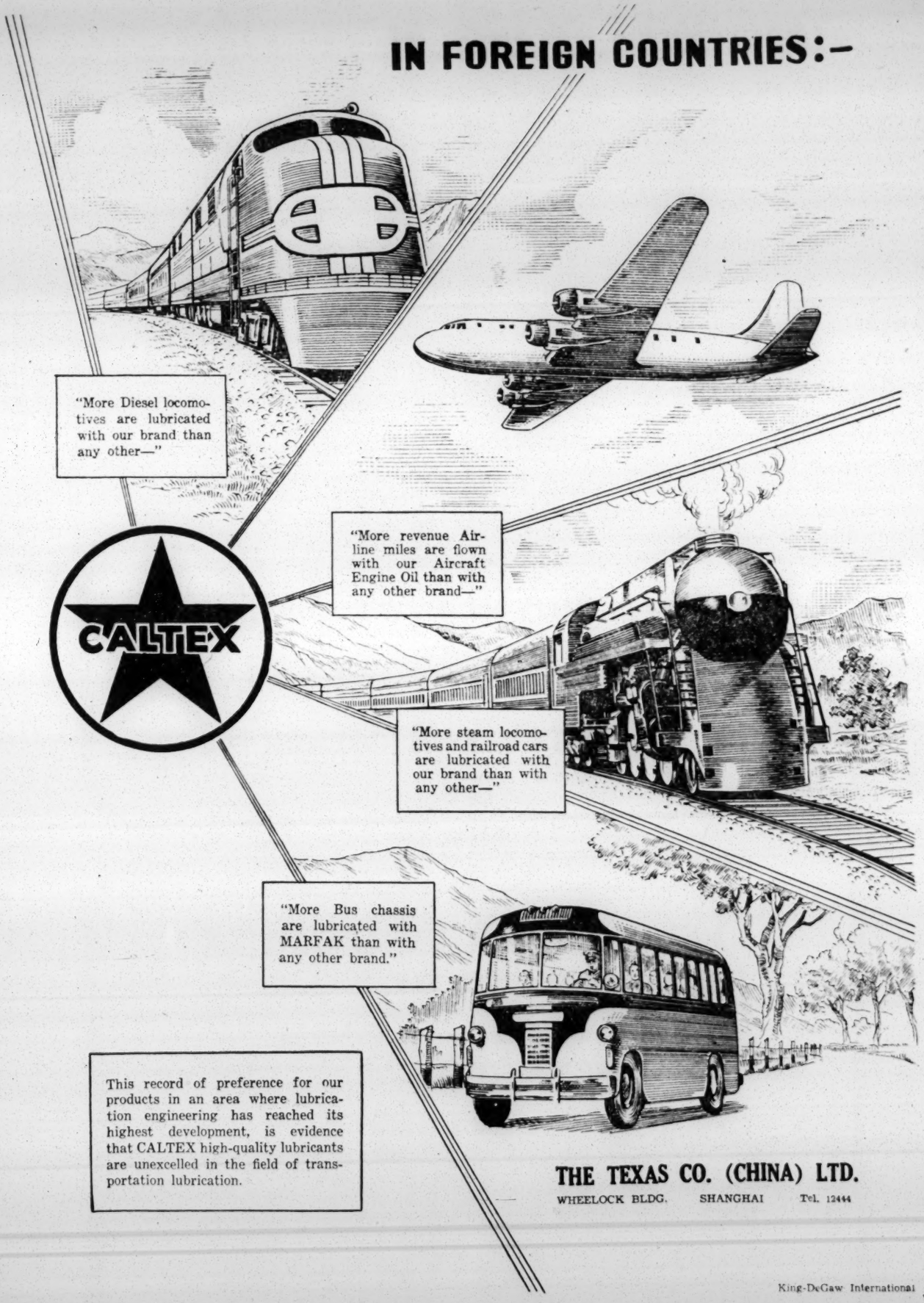

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The editorial pages present each week the opinions of the editor. The other pages of The China Weekly Review are written by the other members of the staff and the contributing editors who report and interpret the news irrespective of the views expressed in the editorials.

Vol. 112 Shanghai, Saturday, February 5, 1949 No. 10

New Approach In Asia?

THERE has been considerable talk in recent weeks of the need for a new approach in Asia because of the rapidly changing situation in China. It has been obvious to many people for a long time that the old line-up of powers and their colonies in this part of the world would have to be revised if the day of a Communist victory in China ever dawned. It looks as if that day is about here and as a result there is pretty much of a scramble going on in other parts of Asia.

The United States, it appears, is certain to revise its thinking about Japan. At the very least, a Communist victory in China will strengthen the hands of that group of Americans, both official and private, who have long advocated the erection of a strong, stable, and reactionary Japan to serve as an anti-Communist bulwark in Asia. Very likely such suggestions as easing up on the Japanese zaibatzu, allowing Japan a large armed police force, and suppressing trade unionism and other "leftist" movements will receive a more sympathetic hearing from the powers that be.

Unless great care is taken by the American Government, the United States may go down in history as the nation which, while hysterically attempting to avoid a swing to the left in Asia, became responsible for the revival of Japanese fascism. It is all very well to be opposed to Communism (as sincere democrats, we don't approve of Communism either), but one should move with caution in attempting to build a fence around communist countries. If America is not careful, she may end up with her side of the fence overly well stocked with ultra-reactionaries, former fascists, and other undesirable elements.

* * *

THE situation in other parts of Asia is just as alarming. There are already indications that a campaign is under way to persuade the United States to accept as bedfellows the colonial powers of Southeast Asia, who, naturally, are also anti-communists. America must be careful not to lose sight of the fact that being anti-communist does not make the French, Dutch, and British colonialists nice people or even people with whom we wish to be associated.

Obviously, there is nothing wrong per se with being a Frenchman, Dutchman or Britisher. The United States owes these three countries, as well as many others, a great deal, especially in the form of cultural heritages. The British, for instance, are today courageously undertaking a remarkable domestic program designed to remove some of the iniquities of the social and economic life in Great Britain. France is one of the cradles of democracy and her writers, philosophers and statesmen have contributed a great deal toward liberal and democratic thought. However, it seems that such benefits are rarely exported to these countries' respective colonies, although the British seem to have done a little better job in Asia than the Dutch or the French. The fact remains, however, that these European countries forced their way ashore in Asia at gun point and have stayed as rulers and directors of exploitation by virtue of their armed strength.

Bled white by innumerable wars among themselves—some of which originated in colonial disputes, the grip of the masters has been slowly relaxing during the last few decades. In the case of the British, they have realized the inevitability of colonial independence and have in some cases granted independence before it was actually physically forced upon them. The Dutch and the French, however, have stubbornly refused to realize the facts of modern life and therefore have been engaged in approximately three years of colonial warfare in an attempt to re-establish their respective rule in Indonesia and Indo-China.

These two powers have found the fight increasingly difficult and probably would have had to come to some sort of compromise settlement with the natives had it not been for American aid. Various postwar grants, including the current ECA program, have bolstered the home economies of Holland and France to the extent that they have been able to afford colonial wars. Of the two, the Dutch seem to have been the more efficient and recently executed a brilliant move militarily which appears to have definitely given them the upper hand in Indonesia. The French, though, despite the expenditure of considerable sums on their campaign in Indo-China, have steadily lost ground and are now clinging to only a few toeholds.

The British have given India and Burma their independence, but still hang on to their other colonial possessions in Asia. In Malaya, for example, they, too, have been forced to launch a military campaign in an effort to retain control. On the whole, things look rather gloomy for the colonial powers. The apparently imminent Communist victory in China makes their positions even less attractive. For the French, a Communist victory in China undoubtedly means the end of empire in Indo-China. The effects will also be felt by the British in Malaya, by the Dutch in Indonesia, and, in all probability, to some extent by the US in the Philippines.

Casting around for some solution or expedient, it is only natural for the colonial powers

to look to the one source with the money and materials which, if ruthlessly and quickly employed, might prolong their role in Asia. Thus, the British, French and Dutch are busy organizing themselves for joint action. They are talking loudly about the menace of communism and declaring that since the US has failed to stop the spread of this heretical doctrine in China, it must now begin to build up anti-red fences in other parts of Asia. The trap, laid snugly in the various colonies, is being artfully baited with the red flag bearing the hammer and sickle and the European colonialists are waiting behind the bushes for the American bull, who seems to go completely berserk at the sight of anything red, to charge in and solve the crisis.

In its efforts to promote the democratic way of life in opposition to communism, the US will do well to look before it leaps so that it will not end up supporting and advocating colonialism just because it is opposed to communism.

* * *

AS we have pointed out many times in the past, the only policy for the US to follow in Asia which makes any sense at all is one of direct opposition to the European colonialists. Britain, France, and Holland are dependent upon Marshall Plan aid. The tightening or loosening of this aid is a powerful weapon and one which should be used in the interest of promoting the ideals which theoretically have long been those of the American people. Such ideals are directly opposed to the concept of colonialism. A policy of opposing Britain, France and Holland in Asia and supporting the subject peoples is the only possible activity which we can justify morally.

Even if our own moral values have been discarded, the practical aspects of the situation also dictate that we support the colonial peoples. First, such support will result in greater opportunities for trade. In the past the colonial rulers did their best to keep the markets of Asia to themselves. That, in fact, was one of the basic tenets of colonialism. If the colonies are independent, we can trade on an equal footing and, with the huge industrial machine of the US behind us, we naturally can take any open markets we wish. Secondly, if we fail to aid the natives in their struggle for independence, the US will cease to be the symbol of freedom for these people and they will have no one to turn to except the Communists. If we were Indonesians, for instance, we would be getting redder by the minute. The non-communist Indonesian nationalists tried to negotiate with the Dutch and, having been craftily tricked, are now in jail. The Communists, who preach that the only way you get anywhere is by force and violence, would make a lot of sense to us if we were in the shoes of the Indonesians.

Now is the time for a new approach in Asia, but we believe that America should move most carefully lest she be hoodwinked into accepting the not-so-new approach being mapped out for her by the colonial powers.

Stuart To Resign?

THE *Associated Press* reported from Washington last week that US Ambassador J. Leighton Stuart had expressed a desire to leave official life and return to his educational work. The story then said that the ambassadorship in Nanking was considered one of the five top diplomatic posts of the United States and that in addition to it, the same jobs in Russia, France, the Netherlands, and Argentina may soon be open for new appointees.

Despite this report by America's most reliable news agency, we are prepared to guess that Ambassador Stuart has *not* expressed a desire to return to academic life if it means giving up his diplomatic job in the foreseeable future. Presumably, Dr. Stuart, who has spent so many years running Yenching University, hopes to return to his old job again at some future date. However, we would almost be willing to bet that he plans to stay on as American ambassador in China for quite some time to come.

Certainly, it is to be hoped that he will. If there ever were a time when the United States needed a man of Dr. Stuart's caliber heading up the embassy here, this is it. Ambassador Stuart was wisely picked for this difficult spot by General Marshall who realized that the veteran educator was an ideal choice. He helped General Marshall greatly during the latter's abortive mediation activities. Since then, Dr. Stuart has, with sympathy and understanding, performed his duties as American ambassador during one of the more trying periods of Chinese history. Now that a change of government is in the offing, it is extremely important that a man like Dr. Stuart be retained.

While we are sure the State Department has no intention of asking us for an opinion, we are quite willing to let 'em have it anyway. The past few years has seen the gradual removal of American diplomatic personnel with long China experience from the scene. Instead we have had a new crop of men, undoubtedly well-intentioned, who have many years experience in the diplomatic service—in various parts of the world other than China. They speak excellent French, Spanish, Abyssinian or other languages of little use in this country. Some of them, unfortunately, are a bit too old to learn many new tricks and, after a few floundering attempts to "pick up" the local language, customs, and manners, settle down to a quiet life of waiting until their terms are up and they are transferred to a country where their language and other talents will be of some use. Unfortunately, they cannot remain in the privacy of their homes and offices all the time and this occasionally results in a public demonstration of the foot-in-the-mouth, causing embarrassment to both Chinese and Americans.

While we have no figures on the State Department's personnel shifts, we can recall from memory quickly a half dozen or so excellent men who received their early diplomatic training in this country and who are now spending their time in Washington or some foreign post other than China.

It seems to us to be so obvious that it scarcely needs mentioning that the United States needs the best representation in China today that it can get. The first thing, naturally, is to do everything possible to encourage Dr. Stuart to remain on the job. The next step should be to begin combing through the files for some of the many men who have served here in the past and to get them back pronto.

Postwar Development

DESPITE the alternate periods of gloom and optimism regarding the settlement of the Civil War, it must be obvious to all except a few stubborn souls that the end is not far off. We stated last week that we could not see the war ending through a negotiated settlement. Events this week tend to confirm our view. Even so, the end is in sight.

Once the Civil War is over, the problems of the postwar period will begin to attract general attention. While predictions of events to come necessarily fall in the realm of speculation, especially when guessing future political trends or international developments to which China may be a party, there are some things which can be predicted fairly accurately.

We do not agree with the pessimists who voice the opinion that everything will go to hell once the Reds are in the saddle. Rather, we think, China will experience mild prosperity, the arrival of which will almost be synonymous with the complete end of the war. The mere fact that an unknown number (perhaps two or three million or so) troops will be taken off the backs of the people will give the nation's economy a boost. While we have no detailed information of the Communists' budget, we do know that approximately 75 percent of the Nationalist Government's expenditures has been for the Civil War. Presumably, a high percentage of Communist revenue has also gone for the army. Even if the Reds keep all their present troops mobilized, the mere fact that the Nationalist's troops are out of the picture will ease the country's financial strain.

Further, it is no secret that, while the major part of Nationalist China's surplus wealth has been spent on the army, the troops have been very poorly looked after with the result that they have subsisted largely upon the results of foraging activities. Foraging is at best an expensive proposition in that food and other commodities are liberally wasted by the troops who usually grab everything in sight, whether they can use it or not. Experience in other parts of the world has shown that it is cheaper in the long run to pay an army properly than to turn it loose to feed on the populace in much the same fashion as a bandit gang.

This same theory of "foraging" has been applied to most Kuomintang organizations. Few if any outfits have been properly financed from Nanking, although the monies appropriated for their upkeep have been tremendous. Leakages here and there have resulted in little if any money finally reaching those for whom it was theoretically appropriated. The result is that official organs in the countryside impose innumerable levies on the populace. In many cities it has not been uncommon to find the Kuomintang, army, and municipal organs, plus various semi-official organizations, all holding large stocks of rice until it spoils. Sometimes the rice is held for an "emergency" which fails to occur before the next harvest. Sometimes it is held for speculative purposes, to keep the price up during harvest time when the grain normally would be plentiful and cheap. On other occasions these stocks rot before the various officials concerned can decide when a good time to sell has arrived or how to split the profits to be gained.

All of these instances of waste will presumably disappear when the new regime takes over, be it an all Communist one or a patched up coalition. This will be true if for no other reason than the traditional one that a new broom sweeps clean. A new administration, full of energy and manned by comparatively young men, will be many times more efficient than the outgoing one. New to power and not firmly in the saddle, it will of necessity give considerable attention to "improving" conditions so that it will compare favorably with the previous regime. Some Chinese writers have estimated that as much as 20 percent of China's grain crops are wasted each year by inefficient and corrupt administration.

Another immediate result of the end of the war will be increased productivity on the part of China's farmers. Some Chinese claim that the Chinese farmer today can produce as much as 25 percent more food if he just had his heart in his work. While such an estimate is a pure guess, especially in the absence of reliable statistics, we believe that the farmer in many areas is not producing as much as he can. We have seen evidence of this in areas not far from Shanghai where oppression by official organs has become so great that many farmers simply cannot afford to produce a full crop, since increased production means increased expenses for fertilizer, seed, and other items. The farmers have learned that the Government, in one way or another, manages to get virtually all surplus above the farmers' absolute minimum requirements. This has destroyed initiative.

It is also reported by observers who have visited areas controlled by the Reds that production goes up considerably once the abuses of unfair taxation, usuary, and high rent are removed. A farmer who gives up as much as 70 or 80 percent of what he grows to officials and landlords, is not as anxious to increase production as one who gets to keep half or more of his crop.

The restoration of transportation facilities perhaps will be the greatest single factor contributing toward improved economic conditions. The benefits to be derived from resumption of communications—inadequate though they may be—throughout the country are so obvious as to need scarcely any explanation. Raw materials and finished products will once again be able to move relatively easily between town and countryside. Rice from the great rice-producing areas will be shipped once more to the cities, while

yarn, cloth and other manufactured goods can be shipped back in return payment. China's dependence upon foreign cotton, coal, and a host of other raw materials will be vastly reduced.

Another, and equally important result of improved communications, will be a revived foreign trade. Export materials, some of which have piled up for years in Red-occupied areas or regions cut off by the Red armies, will be available to foreign buyers on the docks of Tientsin, Shanghai, and Canton. Likewise, these hinterland regions which normally consume large quantities of foreign goods will be able to buy such items once again.

Presumably, with the arrival of peace, it will be possible for the new government to come close to balancing its budget. Inflation, as we have known it, will be a thing of the past. We may still have inflation—more than likely we will—but it will probably be of a more gradual and predictable nature. Idle capital will return to productive enterprises since the end of rampant inflation will automatically make industry and other productive activities again profitable and will at the same time wipe out the attractive features of speculation such as has been practiced in cities like Shanghai for the past several years.

* * *

FROM the few points touched upon in the foregoing, it would seem reasonably certain that a period of comparative prosperity can be expected in the near future. In any event, it will *seem* prosperous to those of us who have struggled under a deteriorating economic situation for the last decade, especially the past three years. However prosperous the country may seem for the next few years, the road to real development, say above the 1936 level, will be a slow and rocky one. While it is true that with the elimination of the waste, corruption, and inefficiency of the present regime and with the restoration of transportation and normal trade relationships between city and village and between China and foreign countries, this country's production will rise greatly, the fact remains that China is basically a poor country and an undeveloped one.

At the end of a year, when everyone has been fed, clothed and housed—and, it must be remembered, these things can just barely be accomplished under the most favorable circumstances—there simply is not much left over for building productive enterprises. Assuming that the golden days of foreign gifts and loans are over, the new regime will find it most difficult to lay its hands on funds for capital investment.

The immediate future, as we see it, will be a short period during which we will feel that we are experiencing prosperity. Conditions will improve so vastly once the expensive Civil War is ended that virtually everybody's business will pick up considerably. The businessman, industrialist, farmer and white collar worker will again be able to enjoy a certain amount of security. However, the building of primary capital industries, upon which any long term prosperity and upon which any fundamental improvement of the people's livelihood are based, will be a slow and painful process.

25 Years Ago in *The China Weekly Review*

Life In Chengtu

February 2, 1924.

Chengtu has not suffered as much as some cities by commandeering of supplies. It has been almost impossible to buy rice some days on the streets. The soldiers have commandeered everything within miles of the city, often taking what they wanted by force, without paying. The two big generals have tried to stop this practice, but with tens of thousands of men in uniform, and every one in mortal terror whenever a uniform is seen, of course it is impossible to stop such oppression. It would take real backbone resistance on the part of the people to stop it, and that we will never have. Still most things may be had, though prices have increased.

* * *

Dr. Sun And Ramsay MacDonald

During the week past, Dr. Sun Yat-sen cabled Ramsay MacDonald fraternal greetings, hailing the labor Party's accession to power as marking a new era not only in English history but in the secular affairs of the nation. Dr. Sun looks to Mr. MacDonald to act in his dealings with China, not as if she were still a conquered nation of the days of the Opium Wars and Boxer outbreak, but as the home of a people whose civilizing work in Asia entitles them to at least the same treatment as that now accorded to the nations whose sovereignty has been freed from prewar fetters. In particular, Dr. Sun asks Mr. MacDonald to examine afresh the fanciful views which some subordinate British officials hold of him as a labor leader and Socialist.

10 Years Ago In *The China Weekly Review*

Pai Chung-Hsi's Appeal To Moslems

February 4, 1939.

Addressing the Chinese Mohammedan Association in Chungking this week, General Pai Chung-hsi, commander-in-chief of the Chinese forces in the southwest provinces, urged the 50,000,000 Mohammedans in China to organize and give their full support to the Government in the war against Japan.

If the Chinese continued their firm, vigorous resistance, General Pai declared, the war would be won in three years.

"Anyone who proposes peace will be denounced by the entire nation," he added.

"To march forward means that we will find safety, but to retreat means catastrophe.

"The Japanese say that the war may last 100 years," General Pai concluded, "but we are prepared to fight for 1,000 years, if necessary."

* * *

Dangerous Thoughts

A shake-up in the staff of the department of political economy of Tokyo Imperial University has resulted in the dismissal or resignation of 15 instructors, *Domei* reported January 30.

Staff changes were ordered by the new Chancellor, Dr. Yuzura Hiraga, in connection with action taken against Prof. Eijiro Kawai, author of several books which were suppressed last year because they were considered to be "disturbing peace and order."

Professor Eijiro Kawai, who is on the staff of the Department of Political Economy of the university, was suspended from his post this week after a Civil Service Commission hearing. The suspension, said *Domei*, was approved by the Throne, thereby indicating that importance is attached to what Prof. Kawai thinks, says and writes.

The instructors who resigned or were dismissed include six professors, four assistant professors, one lecturer and four assistants in the department of political economy..... Students, said *Domei*, were bewildered by the loss of their professors just before the end of the academic year.

Can Shanghai Have A Localized Peace?

Charles J. Canning

NOW that the Communist armies under the command of General Chen Yi have reached the north bank of the lower reaches of the Yangtze River, the war is rapidly shifting southward to the Nanking-Shanghai area. Shanghai, the nerve center of China's industry, national economy and foreign commerce, is now under the immediate threat of war unless something is done about it. Instead of engaging in idle discussion as to whether Shanghai will become a battleground, involving heavy damage or possible destruction of the city, Shanghailanders should study what should be done, while there is still time, to prevent the city from becoming a second Changchun or Taiyuan and to bring about a peaceful settlement at the earliest possible date.

Since the Nationalist Government under acting President Li Tsung-jen has reiterated its "full determination" and "sincere desire" for peace, there seems to be no reason why some sort of peace arrangement should not be made for Shanghai. There is a strong hope in this case, in view of the fact that a localized peace has already been concluded in Peiping. And Peiping's peace formula, so the Chinese press reported, was widely regarded as "satisfactory" by some Nationalist Government officials and army commanders, as well as by most impartial observers.

Hard To Bridge Gap

The way to an all-out peace between the Nationalists and the Communists is long and hazardous. This is because after long years of bloody fighting, it is extremely difficult, if not utterly impossible, to bridge the gap overnight. Besides, since the breakdown of peace talks in 1946, the Nationalist Government under Generalissimo Chiang Kai-shek has gone too far to beat a hasty retreat in a short time.

In launching an all-out "bandit-suppression campaign" against the Chinese Communists, in outlawing the Democratic League and other democratic organizations which dared to raise their voices in protest against Nanking's civil war policy, in promulgating a nation-wide general mobilization order which put the whole nation under unveiled military dictatorship and wiped out the last vestiges of the people's civil liberties, and, finally, in adopting a much-debated constitution against the wishes of the Communists and other democratic organizations, the Kuomintang and its Government have burned their bridges behind them. Consequently, the Nationalist Government has experienced great difficulty in even approaching the Chinese Communists about peace.

As a way out, the Nationalist Government first sought mediation from the Big Four. Nanking's tactful but formal request for foreign mediation, however, was politely but firmly rejected. No foreign power with any intimate knowledge of the situation in this country wanted to risk burning its fingers in the Chinese mess. Knowing that any solution for China's civil war would have to be worked out by the Chinese themselves, foreigners reasoned that until the Kuomintang and the Communists could reach some agreement, at least in principle, regarding composition of their differences, mediation would be a thankless job.

Third Party Mediation

Nanking next sent out emissaries to contact third parties in the hope that the latter might be able to help initiate peace talks with the Communists. This plan fell through, too. Things have moved so far that the time is long past when third party mediation could hope to serve any useful political purpose. More than that, many third parties have already jumped off the fence and thrown in their lots with the Communists. Nanking's absurd policy of stamping out the slightest opposition has made it utterly impossible for any really independent third parties to exist openly in Nationalist China. The Young China Party and the Democratic Socialists have been completely discredited as the result of their unqualified support for the Kuomintang's civil war policy. Their top leaders are on the Communist blacklist of war criminals. Under such conditions, these two minor parties are in no position to serve as go-between between Nanking and Yenan. In short, Nanking's policy of liquidating third parties has come home to roost.

Thus, after a full month's glib talk about peace, the Government so far has not yet established any direct contact with the Chinese Communists. In view of the recent dramatic developments in the war situation, there is no telling when such contact will be possible. Qualified observers are inclined to doubt whether the Nationalist Government has time to wait in the capital for the eventual erection of an official bridge between Nanking and Yenan.

* * *

Two Ways

UNDER the present circumstances, there are two ways to make peace. One is from the top down; the other, from the bottom up. The first way is for the Nationalist Government under Li Tsung-jen to work out, if possible, some solution on a national scale with the Communists. Once this solution could be arranged, the problems facing the various provinces and municipalities would be solved automatically, if acting President Li's authority is recognized and respected by the local authorities and field commanders. On this latter point, there is some doubt. Recent reports in the Chinese press seem to indicate that local authorities have not taken Li's peace talk seriously enough to put his measures into effect. The *Ta Kung Pao* of January 28 reported that the provincial authorities in Kwangtung have tightened their control over the press and have not only continued the ban on circulation of several liberal papers published in Hongkong but have rounded up scores of people for selling or reading these papers. Local authorities said there is no need for abolishing the special criminal courts or releasing political prisoners, because "the situation in Kwangtung is quite different from that in the Nanking-Shanghai area."

The provincial authorities in Yunnan also have taken concrete measures for strengthening Government control of the press and for "weeding out" subversive elements. A highly responsible official of the provincial government told the press that there would be no change whatever in the bandit-suppression policy, for the "bandits in the province are not politically-minded."

Although acting President Li has ordered a series of sweeping reforms, it still remains to be seen how his order actually will be carried out in the provinces. It is generally expected that some local authorities will resort to the tactics of "watering down," while others will simply throw it into the waste-basket and forget all about it, on the ground that preservation of local law and order is of primary importance at the present time.

Separate Arrangements

The second way to make peace is for the local authorities in the war zone or in those areas threatened with war to make separate peace arrangements with the Chinese Communists on a local basis, thereby gradually paving the way to a general peace settlement on a national scale. Both ways eventually will lead to a general peace solution for China's long-drawn-out civil war, and one is just as useful as the other. But under present conditions, the second way appears more desirable and more hopeful. It will take time to straighten the deep-rooted differences between Nanking and Yenan. The rapid spread of the fighting can ill afford to wait for a general settlement on a national scale. Therefore, some local arrangements will have to be made

if the horrors of war are to be averted at all.

* * *

Shanghai's Role

WILL Shanghai become a battlefield? This is the question that is causing Shanghailanders many a sleepless night. In order to give a definite answer, or rather to venture a safe guess, it is necessary to ascertain whether there are any political, military, or economic reasons for fighting in Shanghai.

It takes no strategist to understand that from the strategic point of view, Shanghai is "indefensible." The fate of Shanghai will be decided by the outcome of the fighting at various points on the outer perimeter, and not in Shanghai itself. The moment the Shanghai-Nanking and Shanghai-Hangchow Railways and the river route along the Yangtze are cut off, Shanghai is doomed. If the Nationalists want to defend Shanghai, they should do the fighting beyond Shanghai, and not in the city. It would be strategic folly to try to defend Shanghai by engaging the attackers in street fighting here.

Seen from the political angle, Shanghai is not very important, the more so now that the Nationalist Government has already moved from Nanking to Canton.

Shanghai's tremendous importance for China, be it Nationalist or Communist, lies in its unique economic position, rather than in its political or strategic value. As everybody knows, Shanghai is the heart of China's banking, industry and commerce. However, the smooth operation of banking, industry and commerce is possible only when there is peace. War would paralyze or destroy everything. Therefore, in order to enable Shanghai to demonstrate its value as the mainstay of Chinese national economy, there must be no fighting in Shanghai. The Nationalists and Communists alike would stand to gain if Shanghai is left alone.

Strategic Blunder

It may be contended that although there is no need to do any fighting in Shanghai for strategic or economic reasons, the Nationalists would lose a tremendous amount of face politically if they gave up Shanghai without a stiff fight. This argument, however, does not hold water. It is generally agreed on all sides that the Nationalists' present military debacle has been due chiefly to their wanton waste of manpower and materials in trying to hold for political reasons a large number of cities and towns that were strategically indefensible. A typical disastrous example was the defense of Manchuria, which cost Generalissimo Chiang Kai-shek the bulk of his American-trained and American-equipped divisions. The result of the battle for Manchuria finally decided the fate of China's civil war in favor of the Chinese Communists. American advisers had suggested and strategic considerations dictated an early abandonment of Manchuria, but Nanking for political reasons preferred to hang on. When Chiang Kai-shek finally ordered his troops in Manchuria to "fight their way out," it was too late. The whole of Manchuria, together with its Nationalist troops, fell to the Communists. Another tragic experience was furnished by the battle for Hsuchow, which resulted in the catastrophic loss of five army groups of the Generalissimo's best troops, thus opening the way for the Communists to march on Nanking.

Belated Change

The Nationalist high command was perfectly aware of this strategic blunder and began to change its strategy after the battle for Manchuria. The Nationalists voluntarily evacuated a series of cities that had "lost their strategic value as the result of the change in the war situation." In line with this, Yenan, Chefoo, Kaifeng and Chengchow were abandoned in rapid succession. Any attempt to engage the Communists in a large-scale stand-up battle in Shanghai would inevitably be a repetition of the mistakes of Manchuria and Hsuchow. Since the Nationalist grand strategy for the present seems to be to fight a rear-guard holding action to cover a retreat from the Yangtze to South China, and since the Nationalists are now terribly short of men and war supplies, to fight such a battle for political reasons would be strategically stupid. Any further loss of first-line combat troops would accelerate the downfall of the Nationalist regime.

* * *

Peaceful Settlement

FROM the above analysis, it is only logical to come to the conclusion that there are no political, military, or economic reasons why fighting should be carried on in Shanghai. However, our theoretical discussion does not necessarily rule out any actual possibility of fighting around here. In order to prevent such fighting, something has to be done.

The way out under present conditions, it would appear, lies in seeking a localized peace in Shanghai on the pattern of Peiping's peace formula. As a matter of fact, Shanghai could do much better than Peiping. Peace was not achieved in Peiping until after the ancient capital had gone through the ordeal of more than one month's siege. The people of Shanghai can easily take a leaf from Peiping's book and be spared the sufferings of a long siege. If Peiping's localized peace had the advance knowledge and approval of the Central Government in Nanking, as reported in the Chinese press, there is no reason why the Government should raise objections to a similar localized peace in Shanghai.

It is interesting to note in this connection that a "people's delegation" is reported in the press to be leaving Nanking for Peiping with the approval and backing of the Government to contact the Communists for a localized peace in Nanking. Shanghai bankers did the right thing when they appealed to acting President Li Tsung-jen and Premier Sun Fo not to move the Central Bank from Shanghai to Canton for fear of disturbing the local markets. Chinese shipping owners also took a step in the right direction when they asked that Chinese ships be allowed to resume regular trips between Shanghai and Communist-held Tientsin. The action of the local post office authorities in arranging partial resumption of postal service between Shanghai and Communist-controlled Peiping is also praiseworthy. All this would contribute toward the lowering and eventual removal of the barriers between Nationalist and Communist China and is conducive to the future restoration of peace. If the Nationalist Government has not yet succeeded so far in establishing direct contact with the Chinese Communists, it is incumbent upon the Chinese people to leave no stone unturned to do this work.

Foreigners Interested

Although foreigners in Shanghai should refrain from interfering in China's civil strife, their political aloofness should not mean economic disinterest about the future of Shanghai as a world port of international trade. Of course, any revival of the imperialistic gun-boat policy under the pretext of "protecting lives and property" should be determinedly opposed. Foreigners in Shanghai are intensely interested in keeping Shanghai out of harm in the present fighting. The British and American Chambers of Commerce in Tientsin acted quite properly and wisely when they addressed separate letters to the Nationalist army commanders there, pledging their full support to a stirring appeal made by a large group of Chinese professors, industrialists and businessmen asking that street fighting preparations be stopped in order to save the city from possible destruction.

Test Case For Generalship

It is much easier to tear down than to build up. A city could be seriously damaged or destroyed in a couple of days, but it will take long years to rebuild it. As a war-devastated country, China can ill afford to face more destruction.

The key to the situation is in Nationalist hands. If they are going to defend Shanghai by street fighting or by fighting in the suburbs, Shanghai would be endangered. If not, there is nothing to worry about so far as the fate of Shanghai is concerned.

The Nationalists will have in Shanghai another test case for their generalship and their political sportsmanship. Only time will be able to provide the answer.

THE FALL OF PEIPING

Andrew Roth

Peiping

SATURDAY night, January 22, the lights came on again in Peiping, symbolizing that this ancient city had passed from war to peace and the Communists have taken virtually unscathed their probable future capital and the long-time intellectual and cultural center of all China.

For over a year Peiping had been virtually a Nationalist island in a sea of Communist-held territory, but for 40 days Peiping was a city under siege. On December 14, Communist troops moved to within one mile of the city's ancient walls and cut off all its overland connections, including the nearby port city of Tientsin. Their capture of the city's main airport made Peiping dependent on two perilously small airfields cleared within the city.

When this correspondent took off from Shanghai on January 19 in one of the last planes to run the blockade, Tientsin had already fallen four days before to attacking Communist troops. All of China was wondering whether the Communists would take Peiping by assault and destroy part of its historic and beautiful old buildings or whether they would be able to come to an agreement with General Fu Tso-yi, commander of the so-called "North China Bandit Suppression Headquarters."

After our plane had traversed 700 miles of Communist-held North China and arrived over this city, we started coming down from 5,000 feet in tight circles in order to avoid the anti-aircraft fire of encircling Communist troops who had previously fired at this plane. Both the crew and passengers held their breaths as we landed because we had to skim over an inner wall to land and used up the whole length of the small field before the pilot could bring the plane to a halt.

* * *

People Unflurried

WITHIN the city the people—perhaps because of their calm North Chinese temperament—were surprisingly unflurried despite occasional shells which Communists had been lobbing over and the growing shortage of food, insufficient water and lack of electricity. Unruffled, bearded old Mandarins, strolled, hands-in-sleeve, along the street, philosophically ignoring the current dramatic turns in the history of this old city. The most obvious signs of the times were the gangs of civilians with padded garments and shovels over their shoulders going to dig trenches outside the city or to clear a new and longer airfield within the city, under the red walls of the famous "Imperial City." A tour of the 14 gates in the city's walls showed the odorous "honeycarts" were still carrying out night-soil from the city's toilets to fertilize Communist-held farmland beyond the city walls.

The most frantic activity in Peiping in ensuing days was the effort of about a dozen foreign and three dozen Chinese newspapermen to pin down a myriad of rumors about peace negotiations. A delegation of leading citizens went out to meet with the Communists but this was obviously a means of allowing Peiping's peace-desiring citizens to let off steam because General Fu was the only man with the power to decide peace or war. It was clear on January 21 that peace was near when the heads of the local Kuomintang secret service organization hurriedly departed.

* * *

Priceless Vase

PEACE negotiations had been handled by General Fu's Number Two, General Teng Pao-shan, who slipped across the lines on January 12 and negotiated for five days with Communist General Lin Piao. The Communists knew they had in Fu a tough opponent who was popular with his troops for his good treatment and capable of putting up a fairly good fight. He had shown his abilities when he had thrown them out of Kalgan last year. Furthermore, he was dug in behind a considerable trenchwork system in heavily walled and beloved Peiping. With the recapture of Kalgan and the taking of Tientsin, the Communists had about 300,000 troops to storm Peiping but would certainly incur losses and the disfavor of millions who love Peiping as China's most beautiful and historic city. In retreating to Peiping, Fu had climbed into a priceless vase in the knowledge that anyone who struck at him would have to destroy the vase.

When Fu's delegate brought back the Communist terms he was favorably impressed but he apparently balked at two things He had wanted his troops to remain under his command or to keep their old designations. The Communists ruled against retaining any more private armies and yielded to him only to the extent that a month would elapse before Fu's command is reorganized as an integral part of the Communist-led "People's Liberation Army."

General Fu did not want to surrender before Nanking out of a feeling of loyalty to his commander, Chiang Kai-shek, but the way was cleared on January 21 when Chiang Kai-shek stepped down. On the following day General Fu's headquarters announced a 13-point agreement between Fu and the Communists. According to this an immediate cease-fire was instituted with all work on military fortifications stopped. Peiping is now governed by a joint governing council of seven men with three members appointed by Fu and probably four by the Communists. The bulk of the armies within the city are being moved out to be integrated into the Communist-led armies. The security of the city is being guarded by police and supplementary troops from both armies. All governmental, educational, financial, cultural and business organizations are asked to continue as usual with guarantees of the safety of personnel and warnings against damage to or loss of property. The National Government's Gold Yuan currency is to remain until exchange regulations are promulgated. The

US CARTOONISTS LOOK AT CHINA

'As a Last Resort We Could Try Decent Government'

Herblock in The Washington Post

'If There's a Way to Handle Chopsticks—I Haven't Found It Yet'

Lewis in The Milwaukee Journal

life and property of foreigners and foreign diplomas is guaranteed. Local newspapers are allowed to carry on as before until a new registration is carried out. Religious freedom and the protection of ancient relics is assured. Postal and telegraphic services are to continue as before. The agreement ends with the injunction: "People of all walks of life are requested to carry on their life as usual and no public panic shall be created."

* * *

Peace Came Gradually

PEACE did not come immediately to Peiping. After the cease-fire a group of diehard Kuomintang officers apparently ordered their troops to fire into the city. Gunfire and explosions continued to be heard for days afterward. On the day after the proclamation this correspondent sortied from a city gate on the road to Yenching University. Inside the gatehouse there was a white space on the wall where a picture of Chiang Kai-shek had been taken down the day before, leaving only a picture of Sun Yat-sen. Outside the city many Nationalist troops had not heard of peace. Roadblocks still barred the bridges and we had to jeep across a frozen stream to penetrate no-mans-land. After a quarter of a mile a shot fired in the air brought us to a quick halt. A young Communist officer wearing a padded yellow uniform without insignia smilingly explained he had called to us but we had not heeded him. When we explained we wanted to go further into Communist-held territory, he took us back to a nearby headquarters, necessitating jeeping across frozen fields to avoid roadblocks. At the local headquarters town of Haitien we saw long wooden ladders on rollers which had been constructed to scale the walls of Peiping. While awaiting permission, a surly young Communist officer wearing an American-made parka made it clear he had no liking for Americans. After a brief wait we were told we could not go on but within two days the road would be open for all.

As Communist troops and political workers arrive in Peiping they are expected to receive a fairly warm welcome. Students and professors have turned strongly pro-Communist in the last year, more because of complete disgust with the Kuomintang Government than because of love for the Communist program. Many citizens of Peiping are welcoming the Communists because they believe the Communists will make Peiping their national capital instead of Nanking, which has held this title only during the last 20 years. But most Peipingites welcome the Communists because they think this means the Civil War is near an end. Skeptical, worldlywise, Peiping is not yet sure it will prefer the Communists' "Brave New World" to the old world, but is certain it prefers peace to war.

Yunnan:

Opium Bows To Bandits

GORDON YOUNG

Kunming

AT the end of the war, a number of retired high-ranking officers who needed jobs were given positions as commissioners and magistrates in Yunnan Province. Since their experience was of a military nature, their tactics met with opposition from the people and much ill-feeling ensued. Moreover, the high officials were so corrupt that some of them sold magistrate positions for as much as 20 taels of gold, and the magistrates, in turn, made money from opium. The authorities also used magistrate positions as a means of reaching a compromise with various lawless elements in order to keep their own positions intact, and appointed many of these same elements magistrates.

This corrupt situation was illustrated last month when the Governor's Office issued an announcement stating that the opium-suppression campaign would be eased in order to devote all efforts toward suppressing bandits. The announcement, dated December 20, actually admitted that attempts to stop opium planting had been a failure. It read in part:

"Recently, the Communists have been stirring up the people to make them resist the opium-suppression administration. Because of the support of the bandits and the profits involved, the people no longer obey the orders of the opium-suppression administration. Obviously opium-suppression and bandit-pacification affect one another. The Government authorities therefore have decided that, in view of the great increase of bandits, on the one hand, and the growth of poppy paddies in remote regions, on the other, all efforts will henceforth be devoted to bandit-annihilation. As soon as the bandits are wiped out, opium seeds, naturally, will disappear.

"From now on, Government officials and magistrates should first try to persuade opium planters not to plant opium, second forbid them to scatter the seeds, and finally attempt to investigate and supervise such activities. Since, when supervision is lax, people plant poppies stealthily, if the local gentry, magistrates and town heads do not engage in bribery or share in the opium, and do not use false names to collect levies and fines, thus setting an example and keeping themselves out of it, the authorities will excuse them. This method will show that, although the Government orders have not been carried out, authority and faith have been kept.

"Those officials and gentry who take advantage of the bandits' support to plant poppies, tacitly share the opium-juice and give false information on bandits to their superiors will be punished severely. But those who do not take advantage of the situation to obtain profit will not be investigated seriously. All the people are expected to understand the difficulties and obstacles in the way of the Government's carrying out the opium-suppression and are expected to carry out Government orders automatically and report corrupt officials and gentry who share opium with the planters."

Thus, we see that corruption among the officials is a known secret and that the authorities have openly admitted their failure in opium suppression. A few days ago, the wife of a certain prominent figure smuggled several loads of opium to Suapeh, where the magistrate confiscated them. When the lady found out, she was so angry that the magistrate was compelled to turn the opium back to her.

At the same time, bandits have been capturing more and more territory despite the military authorities' boasts of being able to annihilate them in two or three months.

Last November, the bandits captured a number of districts, including Chenyu, Lungwu, Makuang and Kiangcheng; and in December they attacked the city of Shihping and ambushed a number of Nationalist Army recruits at Pupeng.

On December 2, nearly 1,000 bandits under the leadership of Liu Kun Fu attacked Shihping. So many people supported them that hundreds of militia, students and common people were on their side, leaving the magistrate with only one battalion of troops to defend his office and the mansions of two merchants. They withstood the attack for five days until reinforcements from other districts came to their aid. More than 70 shops on streets near the magistrate's office were burned to ashes.

Around the middle of the month, a group of nearly 100 recruits led by two officers coming from Likiang were attacked by bandits at a small station of the Burma Road called Pupeng. One officer was killed and the recruits taken away.

The bandits wander here and there in their guerilla warfare tactics. Recently, more than 10 cities were besieged and threatened, among them Chenkiang, Tunghai, Imen, Hoshi, Wooshang, Lunan and Anning. Newspaper reports said the city of Pinyi was attacked by nearly 1,000 bandits between January 1 and 3, and on January 8, Luhsi was threatened.

The Garrison authorities themselves are responsible for this situation. The persecution of teachers and students and the corruption surrounding opium growing arouse only hard feeling among the people.

Will Tito's Heretics Halt Russia?

Edgar Snow

(In view of the current speculation over the future position of the Chinese Communists on the international scene, the following article by Edgar Snow, author of "Red Star Over China," is considered of sufficient significance to reprint in part from the December 18 issue of the SATURDAY EVENING POST—Editor.)

IN the perspective of six months it is now apparent that the heresy of the Yugoslav Communist Party was the most significant development in the inner history of the world communist movement since the Kremlin established absolute domination over the latter many years ago. It actually marked the end of one stage of the cold war. It was a very serious defeat for the Russian communist orthodoxy.

The implications are still little realized here, and hence are worth the emphasis of this article. For the Belgrade schism, properly used, provides a mirror which clearly reflects the basic aims and limitations of Russian policies in Europe, at Berlin or in the United Nations, now and for the near future. It likewise gives us a perspective on events now transpiring in China.

Battle Of Century

Today it is manifest that Moscow's enraged denunciation of Tito and his colleagues was neither a minor aberration of mere topical importance nor a Machiavellian trick to deceive the western powers, as some observers naively supposed. A major break of a fundamental nature was involved. It was new and unique. Tito and the Kremlin both fully realize that they are engaged in a duel which has at stake nothing less than Russia's hegemony over the world communist organization, and what they foresee as the future communist universal state. No compromise between them is now possible. What was the rebellion of '48 may be the beginning of the battle of the century.

The longer Tito retains his independence the more ominous becomes the character of his challenge—the greater the likelihood that his precedent will be emulated elsewhere. Ultimately it may prove more fateful for the Russian hierarchy than all the anti-communist forces of the world combined. In time, everyone will see that the Yugoslav defection set up the first effective frontier against *the expansion of world communism as an extension of Russian nationalism* and marked a limit to its peaceful absorption of neighboring countries....

The fact is that the Belgrade heresy compels the Russians to face a dread possibility. The world may be divided not only into "two camps," as they have been telling us, but into three—with a rival communist-socialist system of states, outside their own orbit of power, constituting the third . . .

A number of people who studied communist growths in various countries had long believed that a development such as the Belgrade schism was certain to come, for some of the reasons outlined below. The possibility first impressed me a decade ago in China, where the Communist Party was at that time the only one in the world outside Russia which had an army, territory and real administrative responsibilities of its own. Because of that, it seemed likely that the Chinese would become the first foreign communists openly to place their national interests on a level with those of Russia. But while the Chinese were still deeply involved in a long and complicated civil war on a continental scale, the Yugoslav party passed through the stage of struggle for power relatively quickly and won an absolute internal victory. It thus achieved all the conditions necessary to enable it seriously to question the paramountcy of Kremlin interests.

To understand the importance of this heresy one must realize the fundamental role which the doctrine of Kremlin infallibility has played in communism as a world movement...

Historical Marxism contains materialistic interpretations based on the scientific study of society, but the prophecies amount to a kind of religion which requires an act of passionate faith to accept...

"Universal Church"

Moscow's grandiose claims have become the basis of what F. Borkenau, the ex-Comintern delegate, called "a strange psychological phenomenon" which has rendered "present-day communism essentially a belief in a savior abroad." It has brought about wide acceptance of Kremlin dogma and the worship of all its institutions by millions of people who have never had the opportunity to study this society in action. It has given to the world movement in support of Russian communism the character and attraction of what Arnold Toynbee describes as a "universal church."

It is just this dual nature of communism as a world organization which makes the Belgrade-Moscow split so full of meaning...

During the years when the USSR was in reality "the only base of socialism" and could claim, therefore, to be the party worker's "only fatherland," the Kremlin's monopoly of the "universal church" was not difficult to maintain. Various national communist leaders found the dogma built around Kremlin infallibility a potent asset in exacting unconditional obedience from their own followings. Not Moscow alone but energetic rebels in every country raised Stalin and the Russian Politburo into personifications of sublime wisdom, to inspire the trust and precious faith needed by a great mass movement...

It is necessary to have a myth—the myth of the Soviet Union as a land without real shadows, where there is ideal democracy, true individual security, ideal culture, ideal opportunity, an altogether richer social life, and no exploitation of man by man. And this makes a powerful appeal to millions of under-privileged men and women, and serves much the same function in the world communist movement as the miracles of religious folklore did in establishing the early influence of the great churches of history...

Similarly, the communist cannot relentlessly ask why it is that although Marxism is a method available to all, still only the Kremlin can reach infallible judgments by using that method. Or why it is that no affiliated Communist Party ever criticizes the Kremlin Politburo, whereas the latter freely criticizes all others. Or why no foreign party ever advocates a "line" on any question contrary to a Moscow pronouncement. Or how it is that no foreign party—with the exception of the Yugoslavs and the Chinese—ever developed a domestic program based upon close objective analysis of the internal needs of its own working class, and continued to defend and advocate it after Moscow had declared against it...

Only during the recent war and Russia's strange alliance with the "imperialist" powers was there some uncertainty about the exact nature of that relationship....After Moscow's unilateral dissolution of the Comintern, some communist leaders went so far astray as to advance semi-independent theses on the international situation, as in the case of Earl Browder. Alarmed, the Russian Politburo took steps to clear up the confusion, which culminated in the restoration of the Comintern under its present name, the Communist Information Bureau, or Cominform....

Crime Of Belgrade

The crime of Belgrade was not only that it did not obey the Russian Politburo unconditionally but that its Communist Party remained convinced that it had won power by its own revolutionary struggle. What was worse, it insisted upon recognizing that fact in decisions of internal policy, and tracing their authority to Yugoslav beginnings....

Thus, a breaking point has been reached in a contradiction long in-

herent in the universal organization. For a conflict of nationalisms within such an organization was bound to arise if and when non-Russian communists anywhere won real power by their own efforts alone, and outside the boundaries of Russian military occupation. Their need of the Kremlin myth would then tend to diminish in proportion as its utilization by Russian nationalism in its own design, and through its absolute authority in the "universal church," became a handicap rather than an asset to the new communist regime itself, and to its efforts to control the sources of its internal support and to stabilize its power. That is exactly the process now at work in Yugoslavia....

As is well known, the Yugoslav communists were not installed by the Red Army but as a result of a severe internal struggle in which they were armed chiefly by Britain and America. Tito's victory was assured before a Russian soldier entered Belgrade....

Hence the Yugoslavs found it more and more irksome to obey a Kremlin which took too little cognizance of their independent national achievements. Demands imposed in the name of the Kremlin myth increasingly interfered with the performance of internal tasks which Yugoslav communists themselves considered necessary to stabilize their power. And it was in bold rejection of the doctrine of Kremlin infallibility that the Yugoslav party reiterated, last July, its conviction that "the national independence of the people of Yugoslavia is the condition for their road to socialism and their progress in general...."

Moscow's Myopia

"The foreign policy of the Soviet Union is decided by the people of the Soviet Union, and by them alone," said Zhdanov, and it became a part of the holy writ of "international" communism. "Anyone may love the Soviet Union, but in no circumstances can he love his own country less," declared Tito, and he became a "revisionist" and a "national" communist. The truth is that those two statements embody the essence of the historic contradiction involved. They are the measure of Moscow's myopia, and of its failure to provide a new pattern of leadership shared with other working-class parties in all countries in the vastly changed conditions of the postwar world.

As a result, there is a head-on collision, not between nationalism, on the one hand, and internationalism, on the other, but between two sets of nationalisms within the "socialist system of states." And it has come not because of a deviation from the Russian model so much as because of a too exact emulation of it.

Heirs of a national tradition with ambitions of its own, Yugoslavia's communists wanted certain things which could not be reconciled with the nationalist aspirations of Russia. They wanted to consolidate Macedonia as an autonomous state within a Yugoslav federation, establishing a single sovereignty over minorities now divided between Bulgars and Greeks. They wanted control over Macedonian Salonika, as a natural outlet to the Mediterranean. They wanted Albania to come under their wing, and to deal through Belgrade, as the Ukraine deals through Moscow. They wanted Trieste as another natural outlet on the Adriatic.

Balkan Federation

Because they desperately needed capital and machinery to fulfill the promises of socialized industry, they wanted to take what credits they could get—as Russia did during its early five-year plans. Russia herself could not meet those needs; Belgrade could see no justice in denial, by Moscow, of its right to accept foreign aid. Some of Yugoslavia's internal ambitions were in conflict with those of her immediate neighbors. So Tito and Dimitrov proposed a Balkan federation, in which their common problems could be treated as the internal needs of a union, and solved to mutual satisfaction.

Realization of such plans might have strengthened Balkan communism generally, and hence have added to the prestige of international communism. But how, in fact, could they have enhanced the independent power of Russia?

....If communist Yugoslavia pursued "separate" ambitions, how could it be effectively controlled as a spearhead directed against the western powers, in the strategic service of the Russian Army?

....As a consequence of the Belgrade schism, Moscow's trust of other satellite parties is deeply shaken. Efforts to Russianize every party are intensified. The MVD spreads its operatives into every ministry in every satellite apparatus in an effort to prevent a repetition of what happened in Yugoslavia.

The boss of the Polish party, Wladislaw Gomulka, is verbally thrashed into renewed submission..

In Sofia, the aging Dimitrov is rebuked for having expressed sympathy with Tito's Balkan-federation scheme....Purges spread throughout Eastern Europe in an effort to suppress nationalist impulses which might come into conflict with Russian hegemony....

And yet it is predictable that the Russian leadership will not find mere party purges enough.

For the Belgrade defection has now raised the hope of an alternative possibility for every party leadership within the communist-run world. A new center of attraction exists for the first time....

At this point it must be evident why the heresy of Tito, shared by virtually his entire party, marks the end of an era of communism as an extension of Russian nationalism. The latter's first stepchildren have grown up to reject parental tyranny by the very devices of its own teaching. The Kremlin myth has been defied and the infidel has not fallen dead. Tito is the beginning of a true heterodoxy in the communist "universal church." In the long run, that is no comfort for capitalism. But it does mean that the Kremlin's monopoly of moral authority over the world movement has been gravely weakened....

Now, even more than a year ago, Stalin must have peace, must view the outcome of a major war as filled with the most profound uncertainties, and seek to avoid or delay it. Following the destruction of German power, the Kremlin leaders no doubt hoped that all Europe would soon fall under their hegemony. Partly due to their own ignorance of other countries, and to major psychological blunders in political strategy, partly due to the technological revolution begun by the atomic bomb, Russian leadership has been largely discredited throughout Western Europe — including, now, its "own" Yugoslavia. Today the Russians are nearly ready to write off all real hopes of power—for the present—beyond their own zones of occupation.

How, then, explain provocative Soviet actions at Berlin and elsewhere?

Heavy-handed Efforts

Russian tactics at present can be viewed primarily as heavy-handed efforts to accelerate a basic settlement recognizing international legality of the new *status quo*. The blockade of Berlin, sabotage of the United Nations' pattern of internationalism, Russia's growing self-imposed isolation from the outer world, all reflect two principal objectives.

The first is the Kremlin's determination to hold on to and fully consolidate economic and political control over all the territory it now dominates militarily, including, above all, Eastern Germany....

Russia's second objective is to disengage herself from the war crisis with the western powers, particularly the United States, by accepting the division of Germany as a legal fact, and the demarcation line and basis for a new balance-of-power system in Europe....

Militarily, the Kremlin cannot for a moment seriously think of starting a war while it lacks atomic parity, and thus far it lacks even the "toy" bomb of Hiroshima. Economically, Russia is still much too backward to wage a great aggressive war against the western world with success. Politically, the defection of Yugoslavia has exposed her "own" internal structure as vulnerable. The Politburo must either find a new means of restoring its undisputed leadership in the "universal church" or be compelled to rely upon the ancient means of force alone....

Nanking Waits And Wonders

Hsieh Ching-an

(Special Correspondent, China Weekly Review)

Nanking, January 29.

PRESIDENT Chiang Kai-shek's sudden departure on January 21 for his home town, Chikou, near Fenghua in eastern Chekiang, did not come as a surprise to the population of this Communist-threatened capital because virtually everybody felt that the Gimo's retirement would be only a matter of time.

People realized that it was most unfortunate that the Generalissimo had to quit at a moment when his reputation as a leader and a national hero was on the wane. Many said that if he had retired at the end of the Japanese war he would have gone down in history as the greatest man in China. However, his stepping aside in favor of Li Tsung-jen has created a number of paradoxical conceptions in the minds of all war-weary Nankingites. Everyone seems to be living in an atmosphere dominated by both hope and fear and cannot help but keep wondering, "What next?"

Like their compatriots in other parts of the country, the people here, especially white-collar workers and wage-earners, have longed for peace, for the prompt cessation of civil strife and for a normal life. So eager have they been about political and military developments that all the local dailies are sold out as soon as they come off the printing presses. A newspaper pasted on a wall of some building is sure to attract a large number of passers-by who want to know the latest developments regarding peace negotiations.

Many Rumors

Even before the government decided to move to Canton and the newspapers were denying the fact, hurried evacuation of governmental organizations went on with a vengeance. These denials in themselves gave rise to all kinds of rumors and greatly troubled the public. Is there any possibility for the realization of peace? People asked: Does evacuation of public offices to the south mean that the Government is determined to fight to the bitter end? What will happen if the Communists come into the city? Would they allow the people to carry on their businesses and live normal lives?

Meanwhile, stragglers have been pouring into the city steadily and billeting in whatever public or private premises they can occupy. Their presence causes no little uneasiness to the inhabitants, who fear that Nanking may share the same fate as Tsinan and Tientsin.

Strangely enough, the authorities of National Central University, the American-subsidized Ginling University, the Ginling College of Arts and Science for Women, and all public and private schools and colleges have decided to stay and carry on their work. The only exception is the National University of Political Science, formerly the Institute of Political Science of the Kuomintang. This school has a history of about 20 years and most of its graduates have become high ranking officials. Of about 1,400 students, approximately 500 remain in the university. And the others have departed for fear of being regarded as reactionary elements by the Communists. Therefore, the faculty and the remaining students led by Dr. Ku Yu-hsiu, president of the university, and Professor Ch'en Shih-fu, dean of studies, are scheduled to move to Foochow.

* * *

HSIN *Chieh K'iu*, known as "The Circle," is the Trafalgar Square of Nanking. Four thoroughfares meet at this busy intersection. In the center stands a bronze statue in memory of Dr. Sun Yat-sen. In the vicinity are national and private banks, the Postal Remittance and Savings Administration, the Nanking Power and Electric Company, the office of the *Central Daily News*, the Central Arcade, and large commercial establishments, as well as first class movies and restaurants. Every day from morning to night crowds gather to shop, read newspapers, buy and sell silver dollars, greenbacks, gold, etc. There are always long lines for the purchase of American surplus goods. In contrast to this hustle and bustle, there is in the immediate neighborhood a place where those who know English can spend several hours in cozy surroundings.

This is the British Council's four-story building near the Circle. The Council keeps a library well stocked with English books and magazines of tll sorts. Every day professors, students and those who have a smattering of English come to read quietly and comfortably. When one is tired of pouring over the books, he can go upstairs and feast his eyes on a beautiful exhibition of pictures. In the evening, people may come in and enjoy themselves free of charge by listening to a music recital or seeing a movie which gives them an idea of the beautiful scenery and historical spots of the United Kingdom, as well as a valuable knowledge of the development and progress of art, science, and industry, in Great Britain. There are not very many libraries in Nanking to which the common people have access. Practically every bookstore is jammed with would-be customers who stand and read books and magazines without ever buying a single copy. It is no exaggeration to say that the libraries of the British Council, the United States Information Service and the Sino-British Cultural Association render a great service to the intellectuals here.

Although Nanking has been the capital of China for more than two decades, it has little to boast of in the way of being a modern city so far as public utilities and conveniences are concerned. With the possible exception of Chung Shan Road, all the main streets are bad and dirty, while the small lanes are filthy beyond description. People relieve themselves wherever they like because of the lack of latrines. Women wash and empty their nightsoil buckets just in front of their houses by the roadside and even before the *Tsung Tung Fu*, the White House of China! Electric lighting is not only poor but may be interrupted for nights on end. Running water frequently stops flowing. It is reported that the shortage of coal might make the Waterworks and the Power company cease functioning in the near future. People are worrying about the hardships to which they would be put in the absence of running water and electric light.

Unemployment Grows

In terms of purchasing power the Gold Yuan has depreciated in value considerably. Last August, when the monetary reform took place, one could buy several catties of pork with one Gold Yuan. Now, the same amount of money cannot purchase half an ounce. With the approach of Chinese New Year commodity prices went up by leaps and bounds. Meanwhile, the closing down of the Joint United States Military Advisory Group has thrown many breadwinners out of work. A large number of other people have also become jobless because of the prevailing unstable situation—one in which everyone lives on a day-to-day basis without knowing what will happen to him. However, everyone continues to dream of peace and the reduction of prices.

Bitter Disappointment Dept.

The failure of the Big Four to grant the Government's request for good offices is considered the *first* severe blow to Chiang Kai-shek's efforts to obtain an "honorable peace" from the Communists —*United Press*, January 17.

The activities of the "Communist Bandits" during the past six months, which have resulted in the loss of several cities and the issuance of a war criminal list, probably could have been considered no more than slight indications of the really "severe" blows to follow.

ECONOMIC POLICY IN COMMUNIST AREAS

(Summarized from the China Economist)

BUSINESSMEN in Shanghai, Canton, and Hongkong are showing increasing interest in the economic policy of the Communists in the areas they now control in China. One of the questions frequently asked is, to what extent will private enterprise be permitted to carry on when the Government comes under the influence of the Communists?

The answer usually found in Communist statements of various sorts is that private industrial and commercial enterprises will be permitted to carry on as usual, but that bureaucratic investments will be confiscated.

By the term bureaucratic capital, the Communists are understood to refer to the enterprises of the "Four Big Families" of Chiang, Kung, Soong and Chen.

However, this involves a complicated situation. During the past 10 or more years, business conditions in China have been such that many industrial enterprises found it impossible to carry on except with the help or cooperation of government enterprises or the "Big Families." A survey of the industries in China reveals the fact that most enterprises of fairly large size are either wholly or partially, directly or indirectly, in the hands of the "Big Four" or their subordinates.

If the shares in the joint investments belonging to the KMT Government or the Big Families are to be confiscated, how will the remaining shares owned by private individuals be treated? So far, there is no formal announcement from the Communists on this point, but they presumably will be owned jointly by the future government and the individual investors concerned.

In Communist documents, "bureaucratic capital" is often identified with "big capital." One Shanghai industrialist recently asked the following question:

"If allowed to continue their business, small and middle sized capitalists may grow big some day. Will they be curtailed then, and if so, how?"

He was given this explanation by a Communist spokesman: "All bureaucratic capital is big, but big capital is not necessarily bureaucratic. Under KMT bureaucracy, private capital has had no chance to grow big without bureaucratic influence. So, as a matter of fact, 'big capital' in China now is as a rule bureaucratic."

Many businessmen have begun to speculate on possible fields of investment under any new regime. A resolution adopted in May, 1948, by the Industrial and Commercial Conference of the North China Liberated Area may throw some light on this subject. It reads:

"Except munition industries and industries with monopolistic nature that may control national economy, as well as industries beyond the ability of private parties to run, all industries and trades shall be opened to private parties or joint private and public parties. Public (State) industries shall be concentrated on heavy industries, such as those manufacturing munitions, machinery, industrial raw materials, equipment and the like. In the field of light industry, the Government will operate only those enterprises that are beyond the financial resources of private parties but urgent to the living of the people. Thus, private industries shall have plenty of room to develop."

A rough estimate of the future State enterprises on the basis of the present Government's investments, together with properties to be confiscated from the Big Families, shows that these two categories consist of approximately three-fourths of all national investments in China today. By the side of such a dominating proportion of State capital, private enterprises are believed to be unlikely to constitute a threat to the economic principles of the Communists.

The New Democracy in China is often referred to by the Communists as a transitional epoch in Chinese history leading subsequently to Socialism. Theoretically, once China becomes socialistic, all her enterprises will be nationalized.

Businessmen therefore wonder how long this transitional period will last. The answer understandably is lacking, and the only authoritative remark relevant to this point is found in Mao Tze-tung's report to the Cen-

SHANGHAI POWER COMPANY

First Mortgage Debentures, 5½% Dollar Series due 1973

NOTICE is hereby given that the Transfer Books of the above Debentures will be closed from February 1 to February 10, 1949, both days inclusive, for the preparation of interest checks.

THE NATIONAL CITY BANK OF NEW YORK
Shanghai Branch, 41 Kiukiang Road.
Registrar and Transfer Agent.

SHANGHAI POWER COMPANY

First Mortgage Debentures, 5½% Dollar Series due 1973

Without prejudice to the Company's freedom of action in the future and without affecting in any way its rights or obligations under its Mortgage and Deed of Trust or Debentures the Company will pay the interest due February 10, 1949, on its Debentures upon the basis of one Gold Yuan in lieu of one Chinese National Currency Dollar.

COUPON DEBENTURES—INTEREST
COUPON No. 30

Holders of coupon debentures are hereby notified that the above-mentioned coupon, representing interest at the rate of 5½% per annum for the half year ending February 10, 1949, will be payable on or after February 10, 1949, at the office of the Hongkong and Shanghai Banking Corporation, Shanghai.

Holders are requested to list their coupons upon forms which may be obtained on application at the Accountant's Office of the above-mentioned bank. Such forms should then be left at the bank between the hours of 10 a.m. and 3 p.m., Saturdays excepted, three clear days previous to payment. Alternatively, holders may, if they prefer and their bank agrees, hand their coupons into their own bank for collection.

A. KENDAL WARD,
Secretary & Treasurer.

tral Committee of the Communist Party on December 25, 1947, which reads:

"Owing to the backwardness of China's economy, it is necessary to allow capitalistic economy represented widely by small and middle capitalists to exist for *a long period* even after the revolution has victoriously ended in the whole nation. And, according to the principle of division of labor, all their enterprises beneficial to national economy should be helped to grow. They are still an indispensable part of the whole national economy."

The length of the transitional period thus would be determined by the speed of industrialization, and observers think it is not likely to be shorter than one generation.

Another point weighing heavily on the minds of private investors is the "legitimate profit" which Communist documents often mention as permissible to private undertakings. What is the limit under which capitalists are free to make money without its being considered excessive exploitation?

So far there has been no limit set to the percentage of profit against capital volume of business in the Liberated Areas, as once done by the KMT Government. No one knows, however, whether there will be a limit in the future.

Some information concerning Communist trade policy was contained in a questionnaire prepared by the *China Digest* in Hongkong and answered by Chinese economists in that city. To the question, "Is there going to be a controlled trade or a free trade?" the reply was:

"With all the precedents established in the Liberated Areas so far we may put it in a nutshell, thus, that the new trade policy is for a free trade internally and a controlled one with foreign lands. It would be disadvantageous to New China should she pursue a free foreign trade under the present international, political and economic conditions. Has not Britain, known for her traditional free trade, given up her unreined policy? Backward economically as China is, once the liberation war is over, a controlled free trade with careful plans will further guarantee the accelerated development of the people's economy on all fronts and insure its steady growth. The aim of controlling foreign trade is to import only materials necessary and beneficial to economic reconstruction while banning the influx of non-essentials or imports harmful to home industry. It will also encourage exportation of national industrial and agricultural products from which to draw foreign exchange for economic reconstruction instead of leaving it to individuals for luxurious and extravagant purposes . . . The New Government may practise state trading of certain exported articles of comparatively centralized production for the foreign exchange it needs, but legal profit for the producers will be guaranteed."

The Week's Business

THE economic situation was in complete confusion during the lunar New Year holidays. Financial quotations and commodity prices had ruled steady for weeks because of the tight money situation and the uncertain political outlook, but on the eve of the lunar New Year prices of gold, silver and rice skyrocketed.

While one picul of rice was sold at GY1,650 on January 27, it rose to GY2,900 on January 28 and further to GY7,000 during the holidays. But after Mayor K. C. Wu promised to dump the city's three months' rice reserve onto the market, the price dropped to GY4,000 when markets reopened after the holidays on February 2.

One ounce of gold, which was quoted at GY14,000 on January 26, advanced to GY24,000 on January 28 and further to GY50,000 during the holidays. When the blackmarket for gold reopened after the holidays, however, it decreased slightly to GY40,000 because of the cautious attitude of the operators. However, as the money market remained easy, prices rose immediately in the afternoon to GY50,000 again.

Greenbacks, which were quoted around US$50 for one ounce of gold, were not much in demand when compared with silver coins or gold bars. One US dollar, which was quoted at GY225 on January 26, increased to GY400 on January 28 and further to GY800 during the holidays. On February 2, it opened at GY700 and moved up to GY800. The cross rate was therefore around US$65 to one ounce of gold against that of the official rate of US$35 to one ounce of gold in America and the open market rates of US$62 in France, US$69 in Egypt, and US$77 in India.

Silver dollar coins have become very popular in recent weeks. While the official rate is two silver dollar coins to one US dollar, the present rate is around one silver dollar coin to one US dollar. The reason people are not so interested in US dollars at the moment is due largely to a report from Tientsin that the Communists banned circulation and possession of US dollar notes. Gold and silver also were prohibited from circulation. But the people are permitted to keep them.

The Foreign Exchange Clearance Certificates remained low, when compared with the blackmarket rate of US dollars, because of the recent Government decision prohibiting those without import licenses to buy these certificates and the fact that tht period for which the certificates will remain valid is drawing to the end. The certificate was quoted at GY191 on January 27 but by February 2 had risen to around GY390. The overseas remittance rate increased from GY220 to GY260 during the same period.

Commodity markets ruled very quiet before the holidays because all businessmen closed their accounts for the holidays and refused to do any business with the political situation so uncertain. Although there were no quotations during the holidays, a general rise was expected on February 2, and this proved to be true. Calculating their standard by the increase of gold and rice, prices in general advanced by 100 percent, which was still behind that of the financial quotations. This lag was natural in view of the greater demand for gold and silver than for bulky commodities.

There are numerous reasons for this spurt in prices. First, a great number of refugees coming to Shanghai from different cities in Kiangsu, Anhwei and Chekiang provinces brought large sums of Gold Yuan notes for which they had no other use except the purchase of gold and silver. Second, many bureaucratic capitalists, who were eager to flee from Nanking and Shanghai to places of safety, bought large numbers of gold and silver dollars as well as US dollars just before the lunar New Year holidays. Third, the money market has become very easy, since the interest rate has dropped to three precent per day. Finally, businessmen, who had no faith in Gold Yuan, preferred to buy gold, silver, and greenbacks just before the holidays lest the Gold Yuan take another deep dive.

The climb in commodity prices and financial quotations is expected to continue because the Gold Yuan notes paid to workers and soldiers just befort the lunar New Year holidays will be concentrated once again in the banks in the next few days. Furthermore, with war clouds gathering as Communist troops concentrate along the northern bank of the Yangtze River, it will be natural for the general public to hang on to hard gold and silver and foreign currencies rather than the Gold Yuan notes.

Another cause for further hike of financial quotations and commodity prices is the general rise of utility rates. The shipping lines increased their passenger rates by 60 percent following the holidays, and the increase in utility rates ranged from 86.7 to 150 percent.

The following table gives a few comparisons of the financial quotations and commodity prices during the past seven day period:

	Jan. 17 GY	Feb. 2 GY
Gold	17,000	50,000
US Dollar	320	800
Clearance Certificate	191	460
Oyerseas remittance rate	220	400
Silver	300	900
20's Yarn	52,000	120,000
Rice	1,700	4,000
Wing On Textiles	25,500	54 000

NEWS OF THE WEEK

Peace Still In Talking Stage; Local Movements Gain Momentum

DESPITE a month's glib talk about peace, the hope for an early resumption of peace talks between the Kuomintang and the Chinese Communists is as dim as before. Charges and counter-charges have been made. Competent observers are inclined to believe that some time will have to pass before the Nationalists and the Communists finally come together around a conference table.

The Nationalist Government on January 26 called on the Communists to respect the wishes of the people that hostilities be brought to an immediate end and asked if the Communists were simply resorting to delaying tacties and prolonging hostilities. In order to show its sincerity, the Nationalist Government voiced the hope that the Chinese Communist Party would put the salvation of the people foremost.

Acting President Li Tsung-jen on January 27 sent a personal telegram to Communist leader Mao Tse-tung, urging the immediate appointment of Communist delegates and designation of a time and place for peace talks. Li disclosed that Nanking was ready to talk peace with the Communists on the basis of the eight terms Mao had enumerated on January 14.

* * *

Hypocritical Peace

THE Chinese Communists on their part have expressed very little faith in Li Tsung-jen's "sincerity." A Communist broadcast bluntly charged: "We hhld that your present activities are nothing but hypocritical peace negotiations to cover the regrouping of your forces and your war preparations, including a plot for using Japanese reactionaries to join you in butchering the Chinese people." The Communists demanded that Chiang Kai-shek and other top war criminals be arrested and that the Nationalist Government stay in Nanking to show its sincerity. Another demand was that General Yasutsugi Okamura, war-time Japanese Commander-in-Chief in China, be arrested and handed over to the Communists for disposal. It will be recalled in this connection that Okamura was acquitted of war crimes by the military court of the Chinese Ministry of National Defense and already has been sent back to Japan.

The Communists also charged that Li Tsung-jen connived in the flight of Government leadtrs from Nanking. It is interesting to note that all Government leaders and Kuomintang big shots who are on the Communist blacklist of war criminals have already left Nanking and gone south.

The Communists emphasized that their eight terms had concrete contents and declared if Nanking agreed to accept the terms as the basis for peace talks, it must carry them out in actual practice.

* * *

From Nanking To Canton

ALL Government ministries and agencies have moved from Nanking to Canton in order to meet any possible emergency. It is reported that the Executive Yuan is scheduled to meet in Canton February 5. The removal to Canton is regarded as a victory for the Rightist CC Clique, which wants to fight to the bitter end. A *Reuter* dispatch dated January 30 from Nanking had something interesting to say on this point:

"President Li's policy is to hold the Yangtze River line and use it as a basis for bargaining a reasonable peace settlement with the Communists. He has already promulgated sweeping social and political reforms to prepare the atmosphere for these peace discussions, but observers here doubt whether Sun Fo's cabinet, torn by opposing factions, intends to make more than a token attempt to implement them. Premier Sun Fo's departure for Shanghai with his deputy, General Wu Techen, is regarded as a victory for the CC clique. This clique, which considers a compromise with the Communists impossible, is the driving force behind the policy of withdrawing the Government and the three fighting services to the southern provinces, and to continue the Civil War from there...."

In Canton, General Hsueh Yueh, Governor of Kwangtung, reiterated his full determination to make a last-ditch stand against the Reds, whatever the outcome of the peace negotiations in Nanking and North China. Asked if an independent southern provincial fight meant a split with Nanking, Hsueh replied: "We are fighting both feudalism and Communism. Nanking has failed because it was feudalistic." He revealed Sun Fo "wants to come to Canton to join us." He also said: "Li Tsung-jen would also like to come, but there is no need."

* * *

Lull Before Storm

ALL was quiet on the war front during the past week. But this is generally viewed as a lull before a rapidly gathering storm. The Communist peace preservation troops entered the city of Peiping on January 31, with the colors flying and the band playing. It was reported that similar peace settlements for Tatung and Taiyuan are being arranged.

Along the lower reaches of the Yangtze River, between Wuhu in the west and Shanghai in the east, 10 artillery-equipped Communist columns are now massed on the north bank ready to cross the river. According to well-informed sources, six columns are concentrated at Yicheng and another four columns have taken up positions opposite Wuhu. It is there that the Communists are expected to make their initial attempts to cross this vital waterway—the last natural barrier defending Kuomintang-held South China.

It is said that the Government is moving its artillery units out of Nanking west and east to Wuhu and the river bank area opposite Yicheng centering on Chinkiang in anticipation of Communist crossing operations.

Competent observers believe the Communists will make only a diversionary thrust on the Pukow-Puchang area opposite Nanking, but there are indications they will make a more serious threat directly on Nanking. A reliable source said only two Communist columns are now stationed north of Pucheng, three miles north of Nanking. It is possible, however, the Communists at Yicheng may launch an outflanking drive on Pukow and Pucheng along the river bank if their anticipated efforts to cross the river

Truman Ready to Meet Stalin

A White House spokesman told the press that President Harry S. Truman had no comment to make on Stalin's peace pact offer but was willing to meet the Soviet leader any time he came to Washington. It was further disclosed that there had been no official message from the Soviet Government regarding such a meeting. Secretary-General Tryve Lie of the United Nations said he was considering offering Lake Success as a "mutually acceptable" meeting place. It is generally believed that the Big Three—the United States, Britain and France—will jointly discuss Stalin's statement before making a final decision as to what step, if any, is to be taken. Competent observers express the view that Stalin's peace overtures will help clear the tense international atmosphere. However, it would be too much to expect immediate practical results.

there are frustrated. Local Communist units are scattered along the river bank from Pukow to Yicheng and would facilitate such an outflanking movement, if made.

North of Hankow, the Communists are reported to have captured Chumatien, important town on the Peiping-Hankow railway. The Nationalist stronghold of Sinyang, in south Honan about 50 miles south of Chumatien, is also reported to have fallen into Red hands.

It is generally regarded as certain that once the Communists start their crossing operations along the Yangtze, severe fighting in Hupeh will break out in the form of a diversionary drive.

* * *

Localized Peace

IN view of impending Communist attempts to cross the Yangtze in a determined drive on the capital, the Nanking City Council and the various civic bodies have decided to send a people's delegation to Peiping to contact the Communists about the possibility of a localized peace in Nanking. A special nine-man committee appointed by the Council in a plan for local peace called a meeting of civic representatives to study the problem. At the same time, the Council, in cooperation with the Pao Ch'ia chiefs and trade guilds, is planning to organize a special "order maintenance" body to work for local peace. It is reported that Hangchow City councillors have asked their colleagues in the capital whether Hangchow can also join in the local peace movement.

A similar movement is under way in Shanghai. It is generally expected that once the war spreads nearer to Shanghai, the movement will gain more ground and support.

Latest reports from Hankow and Nanchang indicated that the local civic leaders are sponsoring a movement for a localized peace on the pattern of the peace formula that has been reached between the Nationalists and the Communists.

It is reported that the Rightist die-hard faction in the Government is dead set against any plan for a localized peace and is leaving no stone unturned to block this movement.

The attitude of the diplomatic corps in Nanking is quite significant. With the exception of the Soviet ambassador, the other ambassadors have decided to stay in Nanking, although skeleton staffs have been sent to Canton in compliance with the request of the Chinese Government.

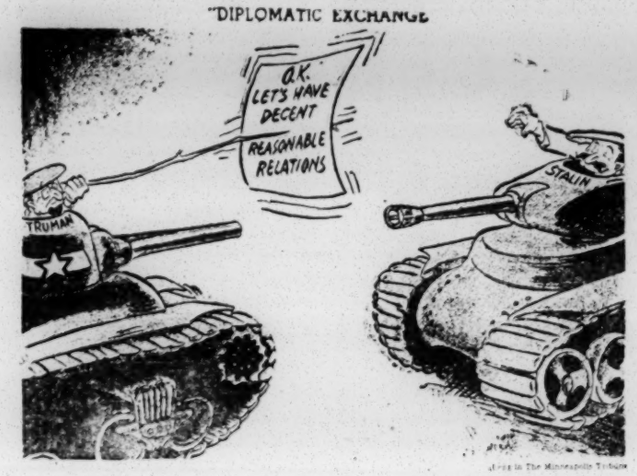
* * *

Russia's Offer

SOVIET Russia made several important and significant moves on the diplomatic chessboard last week. Immediately after its resounding and violent denunciation of the projected North Atlantic pact as a plan for war, the Kremlin extended an olive branch to Washington in the form of a statement issued by Marshal Joseph Stalin.

Initial reaction to the Soviet moves was varied, but it was generally felt that Russia has indicated her willingness to take concrete steps to improve the relations between East and West.

The "Declaration of the Ministry of Foreign Affairs of the USSR on the North Atlantic Pact," released for publication on January 29, bluntly charged Britain and the United States with trying to dominate the Far East and with failing to work for the conclusion of peace treaties with Japan and Germany. It accused the pact of being a plot against the United Nations, with its object the establishment of British-American domination of the world by force.



The Soviet document concluded that Russia is going to fight "more firmly and more insistently" against any attempt to wreck the United Nations.

Twenty-four hours later, the Moscow Radio broadcast on January 30 Marshal Stalin's statement that the Soviet Union was ready to make a joint declaration with the United States outlawing war and that Stalin was prepared to meet President Truman to draft such a peace pact.

Stalin's statement was made in the form of answers to a questionnaire submitted to him on January 27 by Mr. Kingsbury Smith, European General Manager of the Hearst-owned International News Service of America.

For reference, the full text of the questions and answers is given below:

1. Will the Soviet Government be ready to discuss the question of publishing, together with the United States Government, a declaration that neither Government has the intention of going to war against tht other?

Stalin: "The Soviet Government would be ready to consider the question of publishing such a declaration."

2. Is the Soviet Government prepared to join with the United States Government in measures designed to implement this pact of peace, such as gradual disarmament?

Stalin: "Naturally, the Soviet Government would co-operate with the United States in taking measures designed to implement this pact of peace and leading to gradual disarmament."

3. If the Governments of the United States, Britain and France agree to postpone the creation of a separate west German government, pending a meeting of the Council of Foreign Ministers to consider the German problem as a whole, would the Government of the USSR be prepared to lift the restrictions on communications between Berlin and the Western zones of Germany?

Stalin: "Provided the three Governments concerned observe the conditions mentioned in this question, the Soviet Government sees no objections to lifting transport restrictions, provided that restrictions on transport and trade imposed by the three Powers are lifted at the same time.

4. Is Your Excellency prepared to meet President Truman at a mutually suitable place for the purpose of discussing the possibility of such a pact of peace?

Stalin: "I have already stated that there are no objections to such a meeting."

* * *

Practical Move

IN London, Stalin's statement was interpreted as a last-minute bid to prevent Germany's being split by the setting up of a Western German government scheduled to take place in the spring. Observers felt that the statement constituted an important practical move, not merely a rhetorical appeal to world opinion.

In Paris, the statement was greeted with satisfaction. In political circles the first news of the statement was regarded optimistically as tending to reduce tension in the present international situation.

In Washington, reaction was varied. Govenrment circles were inclined to be reserved in their comment, and a cool official reception to Stalin's statement was forecast by authoritative quarters in Washington. Diplomatic authorities feel there is little if anything new in the utterance.

Some congressional leaders, however, were more optimistic. Chairman Tom Connally of the Senate Foreign Relations Committee hailed it as a "significant event in international relations." In his opinion Stalin's offer to meet Truman "could indicate a new approach to international peace and harmony . . . If that is its objective, it will be welcomed by all those who are interested in preserving peace and security and show determined opposition against aggression."

Chinese Magazine Roundup

World Culture

THE *World Culture* of January 22 analyzes the reported US hands-off policy in China and comes to the conclusion that, although the methods may be changed, the fundamental principles underlying American policy in China remain the same.

Discussing American reaction to Nanking's request for Big Four mediation in China's civil war, the magazine says:

"As to the four powers' reaction to the Chinese request, we can quote from the *AP* dispatch from Washington dated January 15, 1949: 'Present American policy-makers have decided that the US should stick by its present hands-off policy in China . . . Events are moving so fast in China now that it is difficult as a practical matter to see how US policy could be changed . . . The latest evidence of America's aloofness came today with word that the US had politely but firmly turned aside a bid by the government of Generalissimo Chiang Kai-shek for intervention by the great powers to make peace in China.'

"Judging by the strictness of the American State Department's directive to its Embassy in Nanking as reported in the *UP* dispatch from Nanking dated January 16, 1949, which states, 'It is learned that in the case that Ambassador Stuart calls on the President it must be by the President's invitation because local American authorities are acting in strict adherence to a Washington directive stipulating that under the present circumstances American authorities should avoid coming into contact with Chinese officials unless at the latter's initiative,' we can see that the US is now adopting a hands-off policy in China....

"The policy of temporary hands-off certainly does not mean a permanent withdrawal. It should rather be taken as an instance of 'exhausting all the possibilities....'

A *UP* dispatch from Washington dated January 16, 1949, quotes Stanley K. Hornbeck, former Director of the Far Eastern Division in the State Department, as saying, 'If the Communists continue to win, we shall stand to lose almost all at once that which we have in over a century gained throughout Eastern Asia, including the relief we have gained at great price from the threat to our security which was long implicit in Japan's policy of expansion by force....If the Communists gain control in China, the sequel will be success for Communism in areas to the South, West and East. The influence of the democracies of Western Europe and North America, and of the United States in particular, in the Philippines, Korea and Japan will be endangered. At what point or exactly how these or other developments would lead to our being involved in war one cannot know.' The use of such a term as 'threat to our security' by Hornbeck is quite in line with the prevalent practice in post-war America, whereby "threat to our security' is just another way of saying 'advanced base.' By talking about 'our being involved in war,' Hornbeck divulges one of the ways by which American policy may be carried out; that is, to turn Japan, the Philippines and Korea into bases for the assault on China....

The magazine then proceeds to point out that the policy-makers in Washington are thinking of playing some other cards.

"At the moment, even though cold facts have already shown that it is totally out of the question for the above measure to be implemented," the article says, "there is still no way to prevent Hornbeck (Bullitt, Judd and Chennault) from thinking so. In fact, we are quite sure Washington is thinking of playing other cards, such as finding new recipients for American aid, sitting tight in China to build up new connections, making use of ECA to 'influence the policy of the new government,' etc."

The magazine concludes: "America may adopt different ways, maybe employing even diametrically opposed ones, but as all roads lead to Rome, so the aim of all these ways is the protection of 'that which we have in over a century gained in Eastern Asia.'"

* * *

China News

THE last-minute reshuffle in the Nationalist army command in the various provinces south of the Yangtze before Generalissimo Chiang Kai-shek left Nanking in temporary retirement is regarded by the *China News* of February 1 as a significant move in the Generalissimo's plan for staging a comeback. The magazine says:

"When Sun Fo was appointed president of the Executive Yuan, President Chiang told Sun that in spite of any contemplated change in the cabinet list, it was desirable to keep Foreign Minister Wang Shih-chieh, Minister of National Defense General Ho Ying-chin and Minister of Finance Hsu Kan. But with the exception of Hsu Kan, these names were dropped from the new cabinet. According to insiders, General Ho was quite pessimistic about the future of the Nationalist regime and was determined to quit despite Generalissimo Chiang's backing.

"After the step-down of General Ho, the Government had to find some new job for a man of his qualifications. At a dinner party some Kuomintang elder statesmen met together to discuss the relative position of Canton and Chungking if the Government had to move some day. Some were of the opinion that Chungking was more important than Canton. For one thing, it still remains China's subsidiary capital. If the Government moves back to its wartime capital, no foreign countries can raise any objections. For another, Kwangtung is infested with bandits throughout the province and is too poor to feed millions of Government troops. It was therefore suggested that General Ho Ying-chin be sent to Szechuen to make the necessary preparations because he is a native of Kweichow and once served as director of the Chungking pacification bureau. It was said that General Ho would be able to pull the two provinces of Szechuen and Kweichow together to cope with any possible eventuality.

"However, General Ho would have nothing to do with the plan and left for Shanghai for 'medical treatment.'

"The general situation took a sudden turn for the worse and President Chiang Kai-shek felt it necessary to announce his temporary retirement. But Chiang was afraid that acting President Li Tsung-jen was not equal to the task and that once the Communist armies crossed the Yangtze River, the local authorities would probably proclaim regional autonomy, thus leading to an all-round collapse of the Nationalist regime. In order to prevent this tragic possibility, Generalissimo Chiang Kai-shek effected on the eve of his departure from Nanking a drastic change in the local army commands by appointing General Chang Chun to head the Chungking pacification bureau. Since Governor Ku Chen-lung is a trusted follower of the Generalissimo, cooperation between Szechuen and Kweichow is a sure affair. Besides, as General Chang Chun is a native of Szechuen and is known to be a master trouble-shooter, he should have no difficulty in patching up any differences that might arise.

"As the result of the moving of the Government to Canton and the transfer of military and industrial bases to Taiwan, the importance of Fukien province has increased manyfold. So Chiang sent another of his aces, General Chu Chao-liang, to head a newly-created pacification command in Foochow.

"In order to strengthen the Nationalist position in Kwangtung and in order to pacify the dissatisfied native generals, Generalissimo Chiang decided to sacrifice his brother-in-law, Governor T. V. Soong, and appointed two Kwangtung generals to head the provincial government and the pacification command respectively."

US Magazine Roundup

Fortune

THE December, 1948 issue of *Fortune*, in an article entitled "Welcome Immigrants!", raises the question of whether the admission of displaced persons marks a change in US immigration policy, since DP entry was determined not only by race or nationality but also by skills.

The *Fortune* article says: "A month ago the first of some 205,000 new immigrants began to reach US ports. Their entrance was specially authorized by the last Congress because they are displaced persons, to whom we had special obligations. But, as individuals, they are no different from the 60,000 foreigners who legally immigrate to the US every year, or from the 40-odd million who came here before we adopted a policy of restrictive immigration in 1921. Nor does the coming of these 205,000 mark a change in that restrictive policy. The question is, should it?

"The 205,000 are entering under the Wiley-Revercomb bill, which passed Congress last June after prolonged hearings notable for the amount of ignorance and prejudice brought to bear on the problems of DP's in particular and immigration in general. The act is frankly discriminatory on racial lines and has other weaknesses. But it contains a principle that is new to U.S. immigration policy and less difficult to defend ethically. This principle is selection by skills. At least 30 per cent of all visas must come to DP's who were formerly engaged in agriculture. Next favored, without specific percentages, are household, construction, and clothing workers."

While no DP is allowed to enter unless both housing and a job are assured, the article explains, these assurances can be given in three different ways: 1) certification from national voluntary faith and welfare agencies, 2) certification from an employer, and 3) certification from relatives or friends.

To date 18 states have set up commissions of their own to help in the certification process, and the program is backed by both industry, particularly the clothing manufacturers, and labor despite the latter's traditional fear of immigration.

The article points out that there is a shortage of agricultural labor in the US, as well as increasing demand for aircraft workers, shipbuilders, engineers of all types, bricklayers, plumbers, metalworkers, machinists, electricians, domestics, scientists, teachers, stenographers, and textile and clothing workers.

"The Clothing Manufacturers Association, in conjunction with the Amalgamated Clothing Workers," it says, "has promised jobs for 10,000 tailors, and the Bond Clothing Company of Rochester alone indicated it could ultimately take 3,000, who in turn will be used to train others. The International Ladies Garment Workers' Union offered to admit DP's to membership at once, and several other unions have agreed either to waive or to defer initiation fees. A mid-western zinc manufacturer said he wanted 300 smelters; a Massachusetts firm making store furniture and fixtures applied for skilled woodworkers; Colorado wants miners; a Texas cattle raiser wants a mixture of leatherworkers, blacksmiths, handymen, and cooks; an Indiana saw firm asked for nine good craftsmen. Connecticut wants dairymen, tobacco workers, sewing-machine operators, tool and die makers, electronic engineers. Minnesota and Wisconsin, where two of the best commissions operate, have jobs and homes for about 10,000 DP's each, mostly farmers. So far, few company applications have been motivated by desire for cheap labor."

The article says while there is still resistance based on ignorance and prejudice, anti-foreignism in the US cannot be cured overnight. Urging the US to reconsider its restrictive immigration policy, *Fortune* concludes:

"One truth is that US prosperity has always been linked with an expanding popnulation. Far from contracting economic opportunity, immigrants help expand it and they don't *cause* either depressions or unemployment. To increase our manpower, utilize our resources, and create an even higher standard of living, there is every reason to boost immigration.

"Another truth is that selection by race is both hypocrisy and bad ethics. Selection by skills, while ethically neutral, is certainly an improvement and may be worth continuing so long as selection is deemed necessary. But the practical lesson of the experiment is to remind us that we have a duty to keep immigration laws in step with our ever growing and changing industrial needs."

* * *

Newsweek

ERNEST K. Lindley writing in the December 6, 1948 *Newsweek*, voices the belief that now is the "Time to Act on China." Lindley admits that a decision on China has been made difficult by Nationalist reverses, but thinks the US should still try to aid Chiang Kai-shek.

"In official circles the theory once widely held that the Chinese Communists are just agrarian reformers operating independently of Moscow has lost most of its following," Lindley says. "It is now generally acknowledged that their leaders are disciplined Marxists. But the theory is now being advanced that even if they drive the Nationalist Government into a corner of China or destroy it altogether, the Chinese Communists will be unable to organize China. This may be correct. The number of well-trained Chinese Communist administrators is limited. An area so vast and so lacking in communications as China does not lend itself to quick seizure or tight control.

"We may have the opportunity to see whether this appraisal is sound. The Nationalist regime may be beyond saving, under either Chiang Kai-shek or a successor. The prevailing view, however, is that the Nationalist regime can still be saved if we lend it aid on a large enough scale and in the proper way."

Lindley goes on to say that former Sen. D. Worth Clark estimated that effective aid to China would cost more than $1,000,000,000 for the first year and approximately $600,000,000 a year thereafter until the Communists are beaten. He quotes another estimate as saying that about $500,000,000 a year in military aid would be needed for several years plus additional economic and financial aid.

"On one important point there appears to be nearly unanimous agreement," Lindley continues. "That without close supervision by American officers, the supplying of the Nationalist armies is a waste of money and effort. Trained American personnel would have to be sent to China to organize the supply system, to better communications, hospitals, and other facilities for improving troop morale, to direct strategy, and to advise the Chinese combat commanders in the field. . .

"If China can be saved by aid on the scale projected by Clark, plus the advisory services of 10,000 American officers and men, the price is not too high. It is much less than we thought it worth spending to keep China in the war against Japan. It is infinitesimal compared with the probable cost of permitting a Communist regime to hold most or all of China even though it should fail, eventually, to consolidate its grip.

"Once committed, we might find, of course, that the costs exceed present estimates. We would be accepting also the graver risks of ultimate failure."

Lindley concludes by saying that a "wait and see" policy is wrong. "In the spring of 1947, instead of waiting to see, we went into Greece," he says. "That was not a mistake. Although the course of events in Greece has not been so favorable as we hoped for, Greece has been saved thus far from Communist domination.

"As circumstances change, policies should be adjusted. But 'wait and see' is not a policy. It is an admission that one has no policy. A decision with respect to China is extraordinarily difficult but it must be made."

What Chinese Papers Say

THE peace movement still held the limelight in Chinese newspaper editorials last week. The results of the general elections in Japan were viewed as an unmistakable sign of the alarming expansion of reactionary forces under the protection of General Douglas MacArthur.

* * *

Peace Talk

THE army organ, *Ho Ping Jih Pao*, called attention to the defense of the Yangtze, arguing that it would impossible to talk peace with the Communists if the Nationalists were lacking in military might.

"The theory propounded by Li Kang that only 'the party who can fight may seek peace' holds true for all generations," the paper said. "If we neglect war-preparedness in our efforts for the realization of peace, once the peace efforts fail, we can only find ourselves watching the unopposed advance of the Communist Army, and the outcome will either be complete collapse or surrender. Accordingly, as long as peace is not yet successfully realized, we must devote our attention to the military situation. . .

"According to our view, when the military situation has been developed to its present stage, if unfortunately peace should fail to come, there will be need for us to resort to a prolonged war of attrition. The time for major combat between the main forces of the warring parties has already passed. We must preserve our strength to exhaust the opposing party, we must adopt mobile tactics to tire out the opposing party. The Yangtze line between Shanghai and Ichang should be strongly defended. At the same time, attention must also be paid to the Ta Pa Shan area northwest of Ichang, as well as to the southeastern coastal regions south of Shanghai. There is need for us to build a single defense line linking up the Ta Pa Shan area, the Yangtze, and the southeastern coastal regions.

"The Yangtze assumes unprecedented importance at the present stage of the Rebellion Suppression campaign, and we must not permit the Communists to cross it. We should not allow our strength to be exhausted piecemeal, nor to be exhausted in decisive battles. Today we should treasure as much as possible our strength so that it may be employed to the best advantage. The Yangtze is our last line of defense, and we must preserve our strength for its defense.

"The Communist Army can, of course, establish in various sectors on the northern bank of the Yangtze, artillery positions to threaten our navigation and our strategic points on the southern bank. We must therefore order the Air Force to make preparations for reconnaissance and for the destruction of Communist artillery position on the northern bank. At the same time, our own artillery positions on the southern bank must be strengthened, and we must carry out the tactics of returning artillery fire with artillery fire. If their artillery force is destroyed, not only will the threat to our Navy and the Yangtze navigation be removed, but the dream of the Communist Army of crossing the River will also be shattered."

The independent *Ta Kung Pao*, however, said it was sheer nonsense to talk about continuing the fight as a means of working for peace.

"Today there are still people who harp on the tune that only those who can fight can talk peace," the paper declared. "This principle does not seem to be true in the present situation. We must fully realize that peace and war cannot exist together. If we are to fight, there can be no peace. And if we want peace, there must be no war. The failure of the former Political Consultative Conference was due to the lack of a determination for peace. The result was that peace talks and fighting were carried out at the same time, and peace ultimately failed to come. The road to peace has again been opened after three years of extensive fighting and the loss of millions and tens of millions of lives. The price paid has been colossal."

The paper reiterated its conviction that State affairs should be settled by political means instead of force, saying:

"It has always been our conviction that national issues can only be settled by political means, and not on the battlefield. After VJ Day, the road to political settlement, which was fairly well-paved, was unfortunately foresaken. What has been the outcome of the fighting during past years? The fundamental understanding now, therefore, is that the issues of the day must be settled through political, and not military, measures.

"Though peace cannot be achieved with a single stroke, it is nevertheless gratifying to see that the political is gradually assuming greater importance than the military operations. It has been said by the ancients that the world may be conquered on horse-back, but it cannot be ruled on horse-back.' National issues must ultimately be settled through political channels. Thus though there is a great disparity of military strength between the two parties, if the above fact is recognized, then the one party should not believe in its ability to settle everything through the use of armed force, while the other party does not have to decide to throw its strength in for a final struggle.

" . . . Efforts should not be wasted on unimportant issues which may be taken up at a later stage, as attention to these minor issues will only bring about obstacles to peace.

"The events in Peiping provide a very good example. The city was besieged for a month, but both parties finally reached a peaceful agreement in order to preserve the people. This represents the manifestation to the highest degree of wisdom and common sense. The peaceful settlement in Peiping has earned the praise of all quarters. Not only have the cultural possessions of the old capital and its two million population been preserved, but a way to nation-wide peace has also been paved."

* * *

Election In Japan

THE *Shun Pao* saw a significant polarization in Japan's internal politics when it analyzed the recent election of the Japanese parliament.

"The results of the general elections in Japan show that the political situation in that country is undergoing a rapid change," the paper observed. "The change on the one hand shows that conservative influence in Japan is coming up to the top, and has achieved an overwhelming majority in the Government. On the other hand, it also indicates that the left-wing forces in Japan are marching in full strength toward Communism, as seen in the phenomenal gains made by the Communist Party in the elections.

"Generally speaking, the victory in the current Japanese elections is shared by the Democratic Liberals and the Communists, the extreme right and the extreme left. The antagonism and conflict between the two camps can only be further aggravated. The present political situation in Japan is marked by this fact. The future Japanese political development will likewise be characterised by this phenomenon."

This view was shared by the Kuomintang organ *Chung Yang Jih Pao*, which said:

"One point borne out by the results of the current Japanese general elections deserves attention. It is the fact that while the ultra-conservative Rightist party has captured an absolute majority of seats in the Diet, the Communist Party on the extreme left has also obtained about nine times the number of seats it got during the previous elections, increasing the number of Communist representatives from four to 35. On the other hand, the parties standing between the extreme left and the extreme right, namely, the Democrats, the Socialists, and the People's Co-operative Party, have suffered very severe losses. This shows the gradual decline of the so-called 'middle of the road course' in Japanese politics, and intensifies the acuteness of the antagonism between the left and right extremes."

What US Papers Say

AMERICAN newspapers speculated on the question of Shanghai's future and on what would happen in the south and west of China should the rest of the country come under Communist control.

* * *

China Picture

THE *Washington Daily News*, in an editorial "Wishful Thinking in Shanghai," expressed belief that the optimism of Shanghai businessmen over the prospect of doing business with the Communists might not be justified.

"With Chiang Kai-shek in at least temporary retirement," the paper said, "the Shanghai business community is breathing relief that peace is around the corner. It is making plans to do business as usual under Mao Tse-tung, so-called 'Stalin of China,' who is hailed as the new strong man.' Such optimism may not be justified by events.

"Mao has successfully exploited the grievances of a people sick and weary after 11 years of war and revolution. But the task of repairing the damage for much of which he himself is responsible may demand qualities the Red leader doesn't have.

"He has announced his intention of linking China's foreign policies closely to the Soviet Union's. One of his peace conditions is abrogation of existing treaties with the United States and other 'imperialist' countries. Moscow will expect no less than that and probably much more. But what can Russia give China?

"One-half of Shanghai's rationed food supply for the 5,000,000 inhabitants is being supplied by American ECA grant. American cotton, also from ECA, is also what's keeping the city's great textile industry rolling. Chinese airlines are using our gasoline. Most of the country's industrial know-how is supplied by American and British technicians.

"Will the Soviet Union supply these deficiencies under the new regime? That hasn't happened in the case of Russia's European satellites, as Marshall Tito can testify. China's needs are infinitely greater than those of all the Balkan states together. Japanese arms the Soviets gave the Communist armies won't rebuild China's shattered economy.

"On the other hand, does the Shanghai business community expect the United States to underwrite the Communist adventure in China—so that Communism can be extended to Malaya, Indo-China, Siam and the Philippines?"

The *Baltimore Evening Sun*, voiced doubt as to whether the Communists could actually control all of China in the very near future. In an editorial "Not All One-Sided," the paper said:

"Removal of the Nationalist Government of China to Canton some 700 miles to the south of Nanking has now been formally announced and at the same time the probability of some kind of peace negotiations between the Government and Communist forces grows.

"However, it would be risky to suppose that any such negotiations will produce a settlement. What will happen if the conversations fail is one of many uncertainties making up the confusing situation in China. But a point worth bearing in mind is this: Despite the recent rapid progress of the Communist forces and despite the degeneration of the Nationalist regime, there are still vast stretches of China which are unoccupied, indeed unapproached, by the Communists.

"It is true that they have seized a large part of China's most productive areas, but then so had the Japanese, who also held all of Manchuria and Nanking and Shanghai, and had driven down past Hangchow and Nanchang. And while the rest of China to the South and West may be weaker and perhaps less united than...,during the war with Japan, native Communist armies are surely far less formidable forces than the Japanese. Nor has there been any sign that in western and southern China there exist Communist organizations strong enough to seize power.

"So if peace talks came to nothing, the Communists would face the question whether to try to press forward and conquer the rest of the country by force, or simply hold on to what they have already won and trust that in time the South and West would come under their control.

"It seems doubtful that the Communist armies would be capable, however feeble their opposition, of marching unaided south to the borders of Indo-China and westward to Sinkiang. It seems doubtful that they have anything....to undertake so tremendous a military project with any hope of success. And while unoccupied China might live a very lean and disorganized life, it could in all likelihood survive.

"In short, not all of the advantages in bargaining lie with Mao Tze-tung, despite his tough attitude. Even in a shrunken world, the distances of China remain a factor in any military operation which visions conquest of the entire country, and especially for forces as relatively primitive as the Chinese Communists."

* * *

New Delhi Conference

MANY US papers saw deep significance in the 19 nation conference in New Delhi. Particularly favorable comment was made on the general spirit of cooperation shown during the conference.

The *Christian Science Monitor* said: "Nineteen nations have spoken out at New Delhi. It behooves the West to listen and understand....

"The coming together of 19 nations constituting more than 50 per cent of the world's population and one-third of the UN membership is, as Brigadier General Carlos P. Romulo of the Philippines declared, 'a massive political fact.' Failure of the Dutch, in particular, and the West in general, to take proper account of the fact could lend disastrous force to....emotions which Asian demagogues and agitators are always trying to stir up.

"But to recognize the new spirit of Asia and work to remove obstacles to cooperation is to strengthen the hands of more moderate and farseeing Asian leaders. To eliminate racialism and imperialism from Western practice is to help incipient Asians avoid the downward plunge to race hatred and bloc opposition to the West....

"There is a massive political fact to be grappled with. Asia can no longer be 'used' by the West for its own purposes. Instead, a common aim must be sought which will serve the purpose of both."

The *New York Herald Tribune* declared: "The complexity of the political, social and economic systems represented in Asia today makes it easier for the conference to declare against something—colonialism for example, which is a word which embraces a good many subtle distinctions—than to work constructively for something.

"Nevertheless, Asia is an indubitable fact....liable to error, capable of being persuaded to correct mistakes, but impossible to coerce or dismiss."

The *Denver Post* observed: "The ...conference represents the most important step yet taken for it shows the growing unity of Asiatic nations and their awakening to a very real place in the international scene."

The *New York Times* brought up the subject of Indonesia in connection with the conference, saying: "Whatever (the Dutch) choose to do now, they know that their Indonesian policy has been condemned not only by the majority of the Western but by representatives of more than half the human race meeting at New Delhi...."

The *Cleveland Plain Dealer* also found Dutch action "unimpressive in face of the Asian conference" and added: "The postwar age in Asia is dated 1949, not 1849."

The *New York Star* said: "The ability (of the New Delhi conferees) to act collectively was a warning . . . that the Truman program for world democracy could not succeed unless it spoke out against colonial retrogression."

The Review's English Lesson—LXIX

MR. A. L. Chen of Wenchow has asked us about some expressions contained in Owen Lattimore's article, "The China Crisis and the US," printed in the December 18 issue of the *Review*.

Exposed flank: In "China is the exposed flank of American policy." Exposed, here used as an adjective, means open to view. Flank, literally the side of an animal between the ribs and hip, means the side of anything. Hence, China is the side (or aspect) of American policy which everyone can see.

Dovetails: "In Western Europe our policy dovetails into the interests of countries...." This means anything shaped like a dove's tail, and is a term that originated with carpenters, who used it in referring to cutting notches of wood so that they join together. Hence, anything that fits into or connects with something else. In this case, our policy fits well into the interests of certain countries in Western Europe.

Stampeded: "The American public is not to be stampeded into thinking...." This term originated when cattle were frightened by something and broke into wild and uncontrollable flight—a stampede. Now the term is used to describe any sudden and common action motivated not by reason, but by panic. Thus, the American public is not to be driven hastily and without reason into thinking....

Hunches: "Based on fact, not hunches." Literally, a hunch is a hump or protuberance. In colloquial usage, it has come to mean a strong, intuitive impression that something will happen —from the gamblers' superstition that it brings luck to touch the hump of a hunchback. Thus, while a fact is based on something known, a hunch is based on guesswork, or something unknown.

Kiss of death: "If foreign backing has turned into the kiss of death for a really great man like Chiang...." This term was first used by the late Alfred E. Smith during his election campaign for his fourth term as governor of New York State. When it was reported that Smith's opponent, Ogden Mills, had received the backing of William Randolph Hearst, Smith said, "That is the kiss of death," meaning Hearst's favor would actually do Mills a disservice and ensure his defeat.

Busted flush: "Military intervention....is a busted flush." This is a term used in the game of poker. When a person playing poker holds five cards all in the same suit, he has a flush and stands a good chance of winning. But if he draws a card in a different suit, the flush is broken, or "busted." Hence, the term busted flush is used to refer to something that might have been good once, but now has no chance of succeeding.

Master-mind: "They wanted to master-mind the Chinese Government...." This expression is so relatively new in American usage that it has not yet found its way into most dictionaries. Literally, the combination of master, meaning to direct, control or subdue, and mind, meaning mental activity, would mean to control mental activity. In general usage, the term refers to someone who supplies "the brains" behind some project; who sets forth and directs the policy without necessarily taking an active, open part in it.

On one count: "The Chinese Communists are entitled to sober respect on one count." In this case, "count" is used interchangeably with "account," meaning any collection of items to be balanced or considered. Thus, the Communists could be respected on one point or item to be considered, or for one particular reason.

Mr. Chen also wants to know how the following words differ from one another: **Works** (water works), **plant** (power plant), **factory** (match factory) and **mill** (cotton mill). This is difficult to answer, since the words are usually modified by the descriptive word that precedes them. However, **mill** and **factory** are more specific words, since they denote a particular process. **Mill** means to process some substance into a more finished product, such as grain into flour, cotton into cloth, etc. **Factory** is really a shortened version of manufactory, a building with equipment for the manufacture of goods, such as matches, bicycles, furniture etc. **Works** and **plant** are more general terms. **Works** is defined as any place where industrial labor of any kind is carried on, while **plant** refers either to the machinery employed in some project, or to a large and complicated industrial stucture, such as the Ford plant, which manufactures automobiles.

* * *

MR. H. C. Chuang of Shanghai writes in to ask the meanings of the following two words:

Ideology: In philosophy, this is the science of ideas. In customary use, it refers to the manner of thinking characteristic of an individual or a class. Thus, bourgeois ideology would refer to the thinking of the upper and middle classes; communist ideology to that of persons who follow Marxian teachings; capitalist ideology to those who are taught to believe in a system of profits and free enterprise, etc.

Capita: This is the plural of the Latin word "caput," which means head. "Capita" therefore means heads. It could be said that the United States has a per capita income of $1200; in other words, $1200 for every head, or person, in the country.

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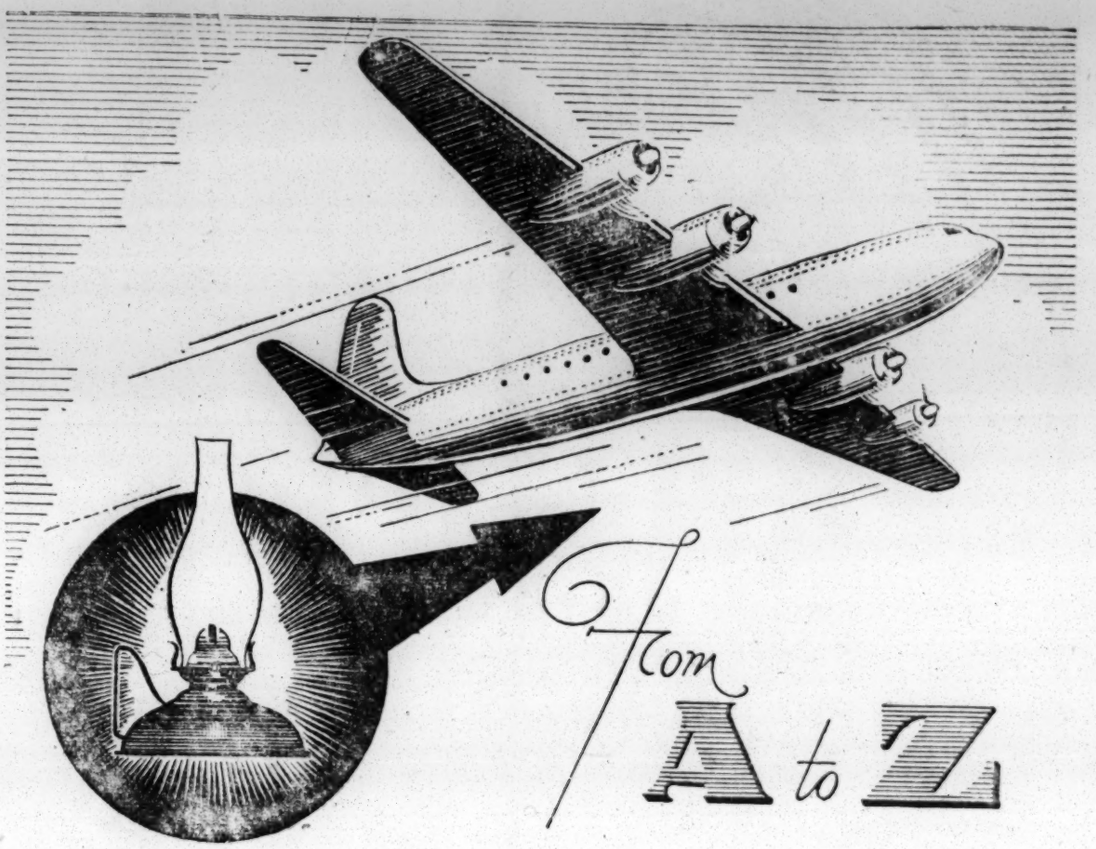

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